Daily Report

Latin America

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FBIS-LAT-95-228 *28 November 1995*

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Argentina Hosts Seminar on Transnational Organized Crime

PY2711223795 Buenos Aires TELAM in Spanish 1744 GMT 27 Nov 95

[FBIS Translated Text] Buenos Aires, 27 Nov (TELAM) — Justice Minister Rodolfo Barra stated today that the Argentine Government considers that it is of overriding importance to fight against terrorism and transnational organized crime.

Barra said: "The Argentine Government attaches tremendous importance to issues related to transnational organized crime and terrorist acts."

The justice minister made these remarks during the opening ceremony of the Regional Ministerial Seminar on Transnational Organized Crime currently being held at the "Salguero Plaza" center at 2600 Salguero Street in Buenos Aires. Deliberations will continue until 30 November.

Barra recalled that "over a short span of time, Argentina was the victim of the blind and irrational violence employed in terrorism." The minister called upon "the countries of the region to work" in cooperation to combat this scourge.

In his speech, Barra underscored that "there is a statutory vacuum in the fight against organized crime since there is no such a thing as a legally binding instrument that can be used for this purpose."

To that effect, he mentioned a "proposal put forward by Argentina to establish a general convention on transnational organized crime."

The justice minister pointed out that, on the basis of that proposal, "a round of consultations was launched by UN Secretary General (Butrus Butrus-Ghali), who requested governments to make comments on the impact a general convention on that subject may have and the subjects that such conventions should include."

Barra further stated that organized crime "has on more than one occasion infiltrated nations' governments" and is manifested in an "impersonal and anonymous way, acting in several countries, multiplying their profits, and taking advantage of new technologies to penetrate the mainstream of world trade."

"Besides the typical activities like prostitution, arms and drug trafficking, organized crime has branched out into money laundering, international trafficking in children, trading of human organs, and trafficking of illegal immigrants," among other things, the minister said.

Barra contended that the Argentine Government is deeply concerned about the international trafficking of children. He stressed the need to "incorporate into the legislations of the countries of the Americas the criminal figures that enable them to appropriately check" this crime.

Minister Barra was nominated honorary president of the regional seminar, in which government officials from some 20 countries of the hemisphere are participating, while Justice Secretary Elias Jassan was nominated executive president of the seminar.

Representatives from the United Nations, the OAS, INTERPOL, and the Inter-American Development Bank are also attending this regional seminar.

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Cuba

Fidel Castro Leaves for PRC, Stops in Copenhagen

PA2811025895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 28 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] Commander-in-Chief Fidel Castro Ruz, president of the Council of State and Government of the Republic of Cuba, left the country this morning. He arrived in Copenhagen, Denmark, at 1909 Cuban time, to make a technical stopover in his transit to PRC. The first secretary of our party and the delegation that accompanies him are responding to an invitation made by PRC President Jiang Zemin.

Alarcon Heads Delegation to Talks With U.S.

PA2811031195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 28 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] The fifth round of talks on migration issues between the United States and Cuba began at the U.S. Permanent Mission to the United Nations. The Cuban delegation is led by Ricardo Alarcon, president of the National Assembly of the People's Government, and the U.S. delegation is led by Assistant Secretary of State Ann Patterson.

The meeting will mainly follow up the agreements reached in September 1995. The previous round of talks was held at Havana in July. On that occasion the two parties termed as positive the progress achieved in the process.

Article Views CIA's Operation 'Mongoose'

PA2811040395 Havana PRENSA LATINA in Spanish 1214 GMT 26 Nov 95

["Exclusive" article by Jorge Smith of PRENSA LATINA: "Operation Mongoose: The CIA's Oldest Operation is 34 Years Old"]

[FBIS Translated Text] Old fox Pierre Salinger, White House spokesman during Kennedy's term, had already said so: "In 1961 the United States was not ready to have a communist government 90 miles away from its shores."

Operation "Mongoose," created in the feverish minds of the then-U.S. leaders, arrogant but powerless in the face of the challenge posed by the small Cuba, will be 34 years old this month even though General Edward Lansdale had declared it dead a long time ago.

The truth is that Cubans never bought the story about that death certificate because they continue to face the large-scale action of their powerful and intolerant neighbor.

General Fabian Escalante, who was head of security of the Cuban State, in his fascinating memoirs "Cuba: The CIA's Secret War," describes "Mongoose" as "the broadest program of subversive actions carried out by U.S. administrations against any government to overthrow it."

As such, the operation emerged from a meeting held on 30 November 1961 in which, after analyzing the Taylor Commission report to establish the causes of the Bahia de Cochinos disaster, the U.S. National Security Council created a committee called Special Amplified Group (SAG).

This new monstrosity combined every dream that the various U.S. Government agencies had to overthrow Fidel Castro's revolution in a single nightmare.

The SAG was headed by Robert Kennedy and was comprised of General Maxwell Taylor, who later became chief of the Armed Forces Joint Chiefs of Staff; Defense Secretary Robert McNamara; CIA Director John McCone; National Security adviser McGeorge Bundy; Secretary of State Dean Rusk, other high-ranking Pentagon officials and officers, and Gen. Edward Lansdale, a trained officer with experience in guerrilla warfare in the Philippines and Vietnam.

If we talk about a "team" [preceding word in English], the SAG was a "dream team" [preceding two words in English], although without the success or results of the one they sent to play basketball in Barcelona.

In short, the objective of that monstrosity was to promote an uprising on the island which, as usual, would lead to an invasion by U.S. troops who would intervene as part of a pacification, a peace plan, etcetera.

"Mongoose" is literally the name of an animal. It is a rodent that digs tunnels. The North Americans at the time suffered the syndrome of tunnels following the failure of the Berlin tunnel. They now planned to overthrow Fidel Castro by moving the ground he firmly stepped on.

The operation was also aimed at Latin America because, according to the United States, Cuba was influencing it with "a bad example" of rebelliousness and self-determination.

The operation also uncovered a very vulnerable flank of U.S. foreign policy, namely its inability to adapt itself to the new times in addition to its little common sense because it continued to bet on "slum theories" such as that "every man has a price," "the best system is the

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North American system," and "nothing good can come from a non-Anglo-Saxon environment."

It is known that in politics phobias, dislikes, and obsessions have always played the worst role together with arrogance. In the specific case of the CIA, the Pentagon, and the U.S. Government with regard to Cuba, these phobias, dislikes, and obsessions rushed them into making one mistake after the other urged by the constant defeats inflicted on their pride.

The United States has never been interested in getting to know its biggest adversary of the last 35 years. It has erroneously justified its setbacks with the argument that it was not careful enough or that it chose the wrong tools.

Consequently, it continues to pay attention to a treacherous and weak minority, while regretfully disregarding the strong message of firmness and courage from the majorities.

Operation "Mongoose" is a story that is part of that fantastic inventory of errors and horrors of the secret or overt diplomacy of the U.S. administrations of the end of this century. This is the chronicle of a fiasco that followed a yet bigger one in the Bahia de Cochinos' sands.

When Gen. Lansdale was given an office at the Pentagon and he began to draft those incredible strategies of subversion against Cuba in the late 1961, one could have bet $100 that he did not know that the U.S. Government would be "stuck in the same place" 34 years later.

"... Help Cubans, said the memorandum of the academy officer, overthrow the communist regime inside Cuba and install a new government with which the United States may live in peace"... in peace... in peace...

Lansdale's project included 32 tasks that resembled the works of Hercules, which later included a task consisting of spraying a chemical over sugarcane fields. The purpose of the project was to adversely affect workers' health, infiltrate thousands of spies of war materiel, conduct psychological warfare campaigns, and even the preparation of military contingency plans for an invasion of the island when conditions were appropriate.

The United States, in possession of an unequivocal power, began squandering vast resources which in the end came from taxpayers' pockets who, as expected, in a very antidemocratic manner were not consulted as to how their money was spent.

From January to August of 1962, 5,780 subversive actions were carried out, of which 716 were acts of sabotage against large economic objectives. These included the destruction of millions of arrobas of sugarcane and warehouses that were set on fire, the murder of revolutionaries, attacks on merchant ships, bombings on coastal hotels, and harassing third countries for any effort to break the diplomatic and economic blockade.

By late 1962 the United States was able to achieve Cuba's expulsion from the OAS by bribing Latin American governments, barring Mexico, with the distribution among themselves of the large Cuban sugar quota. The sugar quota was broken into pieces and distributed among unscrupulous businessmen who lent themselves to ambush a brotherly country like they did in the past with Liberator Antonio Jose de Sucre.

Presidential adviser Walter Rostow urged NATO countries to join in the conspiracy to "prohibit the voluntary commerce of strategic materials with Cuba and reduce overall commerce with that country."

The United States waged this undeclared in the face of a world excited by cruelty, with the expectant eyes of the world turned into a victim with which shameful bets were made on when it will die by suffocation.

That era is unforgettable for Cubans.

During 1962 there were in the Province of Las Villas, central region of the island and the focus of the principal CIA effort, approximately 41 gangs with approximately 500 men in their ranks, not including 30 additional armed groups with a few hundred "contras" in the rest of the country.

The Cuban people, in light of the counterrevolutionary attempt, joined in as one man and between January and March of 1962, they killed 150 counterrevolutionaries and arrested hundreds more in 98 clashes held in Villa Clara.

Clandestine organizations in cities or towns were infiltrated by men from the Cuban intelligence who, through patient and bold actions, dismantled these groups and arrested their members.

Plans still existed to attack Cuban leaders, including the dramatic attack staged by contra Santos de la Caridad Perez Nunez. Perez Nunez worked at the cafeteria of the Habana Libre Hotel, which Fidel Castro visited regularly at the time.

In the month of March of 1963, the revolutionary leader visited the cafeteria and ordered a chocolate milkshake, which was diligently prepared by Perez Nunez.

No one realized that while he prepared the milkshake he had opened the door of the refrigerator and slid his hand in the coil where he hid a lethal capsule provided by the CIA to Leopoldina Grau Alsina, the head of the cell in which Perez Nunez was a member.

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Because of the cooling the capsule got stuck to the coil and when trying to force it out, the contra broke it and the liquid spilled over the refrigerator's side.

Fidel Castro drank the milkshake, said thank you, and left. Some time later, the Grau Alsina group and Perez Nunez were located and arrested.

Twenty years later, Grau Alsina gave an interview to PRENSA LATINA when she was released and admitted: "That Fidel of yours is protected by something stronger than the G-2" (state security).

According to a memorandum from General Lansdale, the undersecretary of political affairs of the State Department, the "Mongoose" operation was discontinued in January 1963. However, the suggested plans to destabilize continue to be in force but in new ways, call them Torricelli law, "track two," [previous two words in English] or Helms-Burton amendment.

UN Cuban Rights Report Rejected; System Defended

Delegate Rejects Analysis

PA2811033295 Havana PRENSA LATINA in Spanish 1736 GMT 27 Nov 95

[FBIS Translated Text] United Nations, 27 Nov (PL) — Cuba rejected today the selective and discriminatory treatment of the report on the so-called human rights situation in the country and denounced the author's lack of thoroughness and objectivity.

Juan Antonio Fernandez, Cuban delegate to the Assembly General's Third (Social, Human and Cultural Affairs) Commission, spoke immediately after the document was presented and he accused Special Rapporteur Carl-Johan Groth, who was arbitrarily selected, of playing into the hands of the United States' policy against Cuba with his deplorable role.

"What we have before us is a report that cannot show what does not exist," Fernandez stated. He added that Groth's attitude seems to have become part of a practice that has nothing to do with human rights and Cuba's reality.

He said the report again questions the Cuban system's legitimacy, its legal and constitutional framework, its institutions and civilian society, with an analysis that is biased and out of context regarding certain situations, where the scales are tilted in favor of slanderous information from organizations, the majority of which are operated and financed by the United States.

"They are the same organizations that applaud with enthusiasm criminal initiatives against our people such as the Helms-Burton bill, which seeks to strengthen the blockade against Cuba," he said.

The diplomat emphasized: Nevertheless, it says very little about the country's successes; it fails to recognize the steps taken to perfect the democratic system with the effective participation of the people; it denies the process of changes and economic opening in the island; and it assumes the role of arbiter and guarantor in the process for rapprochement between the nation and the emigration, and the agreements freely negotiated by the Cuban Government.

He wondered if that is the way it pretends to defend the human rights cause.

"How can you talk about human rights in Cuba while ignoring what is responsible for the most flagrant, systematic, and massive violation of our people's human rights, meaning the U.S. blockade? Is it perhaps that 36 years of aggressions, terrorism, and an economic war against our small country do not count in the rapporteur's statistics?," Fernandez asked.

He said there is no mention in the voluminous report about those who have died as innocent victims of the dirty war imposed on his country because it assumed the defense of its territory, the freedom achieved, and tranquillity of its children; and there is not one single reference to these persons' human rights.

Groth's complaint about Cuba's lack of cooperation with his mandate was refuted by Fernandez, who replied that the illegitimacy of his mandate precluded the cooperation. Fernandez added that this exercise — corrupted since its beginning, without credibility, and fraudulent — has earned the rightful rejection of the Cuban Government.

"Nevertheless, Cuba cooperates and will continue to cooperate not with one but with all the UN mechanisms established in a fair manner and with an overall purview to include all the member states without unfair discriminations or political selectivity," he asserted.

He mentioned as an example the visit that Jose Ayala Lasso, UN High Commissioner for Human Rights, made to Cuba upon invitation from the government; the ratification of the Convention Against Torture; and the visit by a group of Non-Government Organizations interested in these issues, which traveled to the country early this year.

The diplomat remarked: "The appointment of a special procedure for Cuba was never justified, just as no one has ever been able to prove the existence of a human rights situation that deserves such a selective and discriminatory treatment."

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He added: The permanence of this mechanism is senseless and the attempts to institutionalize the procedure establish negative precedence and obstruct international cooperation.

Fernandez emphasized: "Once more we repeat that we will never accept impositions because we will never negotiate the sovereignty or independence of our nation, just as we will never subject our institutions to the capricious scrutiny of a great power or the ideological prejudice of a so-called rapporteur."

Defense of Nation's System

PA2411171195 Havana Radio Rebelde Network in Spanish 1800 GMT 11 Nov 95

[Report by Orlando Contreras; from the "National Radio News" newscast]

[FBIS Translated Text] The first international meeting on the legal protection of citizens' rights just ended in Havana. It is worthy to make some remarks, because there have been too many lies about this issue abroad.

Human rights, according to a UN modern definition, comprise civil, political, social, and cultural rights. These rights, like laws, are not mere abstract concepts, marginal to a nation's history and culture and its development cycles. In Cuba, citizens have guaranteed — not on paper but in actual fact — the right to elect and be elected to leadership positions. They have the right to join governmental and nongovernmental organizations for the benefit of the whole community or particular sectors. The right to work, health care, education, and culture are guaranteed by law in Cuba.

Our legal system establishes that no one can be arrested or prosecuted unlawfully with regard to time limits, location of trial, legal procedures, and guarantees to citizens. The use of physical coercion — meaning torture — is not only penalized by law, but also rejected by the entire society. Cuba remembers history, because its sons were subject to torture by previous governments. There was a battle to ensure that no one would be murdered on our soil ever again, no one would have their nails pulled off, and young people would not appear dead in the streets with a card in their hands. People in Cuba or anywhere else in the world can say and prove that Juan Perez, neighbor of La Lisa, or Alto Songo, for instance, was arrested, taken to a police station or barracks, and later disappeared. This brutal experience has plunged all nations on our continent into mourning, and in some countries these situations are still happening.

To continue to speak the truth instead of giving rhetorical justifications, I find it necessary to say that in our society, more than one jailer or official might have abused a prisoner, but these isolated and condemnable cases are not commonplace, they are not part of the official policy, as is the case in many countries.

No one is deprived of health care in Cuba, no one has thought of depriving children of their education for political or penal reasons, or because of the immigration status of their parents. This situation is currently happening in the United States pending a Supreme Court decision. No one is sanctioned in Cuba for disagreeing with the government or the established organizations, but only for actions that the law clearly specifies.

Undoubtedly, our judicial and penal system can be improved. However, our current system, in concert with our social, economic, and cultural realities, protects human rights, as few other systems do.

Delegates from 25 countries that participated in the first international meeting on the legal protection of citizens' rights had the opportunity to verify these realities and rejected a foreign law that is trying to destroy the Cuban society and the legal organization that guarantees those rights in Cuba.

Robaina Ends Official Visit to Australia

PA2711153295 Havana PRENSA LATINA in Spanish 2246 GMT 26 Nov 95

[FBIS Translated Text] Sydney, 26 Nov (PL) — Cuban Foreign Minister Roberto Robaina today ended his official visit to Australia, during which he completed a hectic round of meetings with high-ranking government officials in Sydney, Melbourne, and Canberra at the invitation of Australian Foreign Minister Gareth Evans.

Robaina briefed Prime Minister Paul Keating at length on developments in Cuba. The two officials also discussed stronger bilateral relations.

Robaina and Evans agreed to promote bilateral relations, with plans for an Australian delegation to visit Cuba during the first semester of 1996 to put the finishing technical touches on the agreement to promote and protect investments that the two nations have been negotiating for several months.

Robaina met the Australian business community on investing in the Caribbean island and contacted a number of businessmen on conducting business with Cuba.

The head of Cuban diplomacy made several speeches in public, explaining developments in his country in great detail and dispelling any doubts or myths about the largest island in the Antilles.

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Robaina's visit received widespread media coverage: Robaina gave exclusive interviews to newspaper reporters, making appearances at the National Press Club in Sydney and Canberra.

Robaina met spokesmen for Cubans living in Australia on developments in Cuba and on their living conditions in the host country.

Robaina also spoke with Latin American consuls accredited in Sydney, exchanging views on Australia and Cuba.

Commentary Views Market Economy in China

PA2611155295 Havana Radio Havana Cuba in Spanish 0000 GMT 26 Nov 95

[Station commentary by Norberto Hernandez Valdes; from the "Evening Information Review" newscast]

[FBIS Translated Text] Fidel Castro's long-awaited visit to China will take place the last week of November. The encounter between Fidel Castro and the Chinese authorities and people takes place within the framework of major economic changes designed to maintain and strengthen the socialist social system. This is done by creatively incorporating elements of a market economy in keeping with the norms that rule international economic relations. The People's Republic of China embarked on this path several years ago, and it has achieved brisk development of its national economy, responsible for fulfilling the needs of more than 1.2 billion citizens.

Undoubtedly, the Chinese people have reaped the benefits of the careful implementation of this policy, imposed by a rational realism that is increasingly prevailing worldwide. Currently, China's admission into the recently revamped WTO is imminent.

Castro's trip to China does not imply that Cuba is planning to duplicate the changes China has introduced in its socialist system, but it does imply that Cuba seeks to consolidate an exchange of experiences and relations that might be useful to Cuba in its efforts to overcome the economic crisis it was plunged into following the collapse of the East European socialist bloc.

The Socialist Republic of Vietnam has used some ideas implemented by the Chinese economy, and it is also making major progress without harming its socialist system.

Prior to Castro's visit, numerous Cuban officials and specialists visited and studied firsthand changes being implemented in China. President Castro will now be able to tour the vast country, learn about its achievements, and establish direct contacts with the Chinese people, who share very profound historic ties with Cuba.

Reports from Beijing tell us that the Chinese people are happy about and are anticipating the upcoming visit by the legendary Cuban revolutionary leader. This will be the second visit by a Cuban president to the great Asian country. The first visit was made by deceased President Osvaldo Dorticos during the first years of the Cuban Revolution.

President Fidel Castro has stated his fervent aspiration to know the Chinese people personally and have direct contact with their situation. From 28 November to 8 December, his aspiration will materialize and Cuba-Chinese ties will be significantly strengthened for the sake of the two peoples.

Colombia To Buy Vaccines, Get Medical Support

PA2511163195 Havana PRENSA LATINA in Spanish 1541 GMT 23 Nov 95

[FBIS Translated Text] Havana, 23 Nov (PL)—Colombian Health Minister Augusto Galan has expressed satisfaction with the agreement signed with Cuban authorities for the purchase of vaccines and high-tech equipment.

Today, before returning to his country from Havana, Galan signed the agreement for the purchase of vaccines against hepatitis and meningococcal meningitis produced at the Genetic Engineering and Biotechnology Center and the Finlay Institute, respectively.

Galan noted that the document signed by Cuban Health Minister Carlos Dotres reveals both countries' interest in strengthening relations by means of a mutually beneficial accord on technical support and technological cooperation.

Galan reported that 17 units of the Ultramicroanalytic System (SUMA), which is unique in the world, are already operating in 13 Colombian cities. The SUMA was created at the Immunization Research Center and is currently being used to control the spread of dengue, but soon will be applied to fight other diseases.

He added that mass immunization will begin with the Vamengoc-Bc vaccine in the Pacific coastal region.

Galan, who attended the Fifth International Seminar on Primary Medical Attention, said the reform of the Colombian social security system emphasizes health prevention and promotion.

Therefore, he emphasized, the Cuban program for family doctors and nurses was reviewed. We then decided to ask Cuba for technological support and

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training of specialists here on the island, as well as hold courses and seminars in Colombia.

Ibero-American Meeting Studies Havana Water Shortage

PA2411183195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 16 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] Havana's shortage of drinking water needs a solution. A project to solve this problem was submitted today during the Third Meeting of Ibero-American Municipalities in Havana. The project was presented in the name of several nations by the scientific director of the World Large Metropolis Association, who works with the Aqueducts and Hydraulic Resources Enterprises.

[Begin unidentified foreign official recording] The project in Cuba has three goals. There is a short-term goal to reduce all leakage in the city's drinking water supply system. The second is a medium-term goal to find the financial and technical resources to end the water shortage. There is also a third and long-term goal to define a direct system in accord with the available water and the city's development. [end recording]

Many projects were presented during the meeting, an indication that municipalities can achieve their goals when there is cooperation among them. Mayor [word indistinct] presented a project to quadruple Cuba's rice production in 10 years, using a method that calls for the treatment of the city's sewage, which will begin in January when the first specialists arrive in Cuba. [words indistinct] that promotes exchange to achieve Ibero-American unity.

Culture Ministry Regulates Art, Museum Exports

PA2211122895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 18 Nov 95

[Report by Anya Martinez Real from the "NTV" newscast]

[FBIS Translated Text] Resolution 57, drafted by the National Cultural Patrimony Council, National Registry of Cultural Assets, and National Plastic Arts Council, based on a provision from the Ministry of Culture, will become effective on 2 December.

The resolution regulates the export of undeclared cultural assets that are an essential part of the nation's patrimony or considered museum pieces. The resolution states that an exit permit or export certificate must be requested at the National Registry of Cultural Assets to export an undeclared cultural asset that is an essential part of the patrimony. The assets will be withheld or confiscated by the General Customs of the Republic if the required documentation is not presented.

Effective 20 November a fee will be charged at the registry for the issuance of this document. The price for a permit that includes up to five pieces will be $10 for foreigners and Cubans. Authors of these works will pay in national currency and other regulations will apply for emigrants with a definite departure date.

Santiago de Cuba Hosts International Students' Day

PA2211190595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 18 Nov 95

[Report by Maria del Carmen Diaz in Santiago de Cuba; from the "NTV" newscast]

[FBIS Translated Text] Santiago de Cuba has just hosted the national ceremony to mark students' day. Historic Libertadores Avenue in Santiago de Cuba was filled this afternoon by the youthful happiness of a large delegation of the city's high school students. They gathered here to go to the firing range at the former Moncada Barracks, where the country's main event was held to celebrate International Students' Day.

The activity began with the presentation of the new members of the province's FEEM [Intermediate Level Students' Federation], which is led by Jeniseth Morgan de Fajardo. FEEM National President Hassan Perez was the main speaker at the event, which was presided over by party and government leaders in the territory and Education Minister Luis Ignacio Gomez.

[Begin Perez recording] You are the future, you are our successors, and your hands will always hold high the torch of socialism in barracks that will always become schools and armies that will always be comprised of students. [end recording]

Before this, the Heredia Theater was the site of the FEEM's provincial assembly. The main topic of the debates was the obstacles that preclude the organization's activities and the work to be carried out by the federation to increase its role in the schools and in the community.

Tuxto 39 Youth Hold Activities in Mexico

PA2211210795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 21 Nov 95

[Report by Rolando Napolis; from the "NTV" newscast]

[FBIS Translated Text] Tuxto 39 expeditionary youths started their activities in Mexico marking the 85th anniversary of the Mexican revolution. The youths received a message from Foreign Minister Roberto

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Robaina, who is in Mexico. Here is our correspondent Rolando Napolis with the details:

[Begin Napolis recording] The Tuxto 39 expeditionary youths will continue tomorrow retracing the path of the yacht Granma when they visit several places in the Mexican capital related to the preparations to celebrate that crossing, such as the Maria Antonia's house and Alfonsina's house. Here the solidarity with Cuba meeting will be summoned.

The meeting will take place in Mexico in February. The rest of the members of the Tuxto 39 expeditionary group will participate in Orizaba, a city south of Veracruz State, in a radio conference, an interview with the mayor, and will meet with students from the local university's school of accountancy and administration.

The expedition members received a message from Foreign Minister Roberto Robaina, who upon arriving in Mexico told them that it is never too much when it comes to emulating our father's feats and remembering Fidel and his comrades' deeds in those days of 1956.

I am sure, Robaina said, that they will arrive happily at their destination despite their tiredness, which fortunately will never be a tiredness of the soul. [end recording]

Castro Congratulates Television Workers

PA2811004295 Havana PRENSA LATINA in Spanish 1722 GMT 26 Nov 95

[FBIS Translated Text] Havana, 26 Nov (PL) — President Fidel Castro sent a congratulatory message to the Cuban television founders and workers. His letter was disclosed at the closing ceremony of the International Television and Video Meeting in Havana.

The message stated that "a new and decisive phase began for the television sector with the victory of the revolution and it was placed at the service of the most legitimate and noble interest of the people."

Fidel Castro asserted in his message that "not a battle has been waged that has not been present in television language."

Referring to the workers in this media sector, he said "they possess experience, talent, will, and substance for artistic creation." [passage omitted]

UNEAC Prieto Comments on Arts Funding

PA2811043495 Havana PRENSA LATINA in Spanish 0756 GMT 23 Nov 95

[FBIS Translated Text] Abel Prieto, president of the National Union of Cuban Writers and Artists (UNEAC), has asserted that although Cuban culture is going through moments of serious scarcity of materials for creating and distributing, paradoxically, creativity is very high.

To counter the effects of the economic crisis that started at the end of the past decade, cultural institutions try to present Cuban art works abroad, the essayist explained during the Ibero-American Culture and Development meeting that ends in Havana tomorrow.

The times, Prieto underscored, require a change of perception in regards to the way financing had to be understood.

Up to the latter part of the 1980's, the Cuban Culture Ministry had a budget of approximately 5 million and 18 million rubles every year. Since 1990, he added, the sector must secure its own financing in freely convertible currency.

We have gone to the international market, without making ethical or aesthetical concessions, to be able to maintain our basic cultural needs, Prieto asserted to the approximately 200 experts from 16 countries who are attending the meeting.

For this purpose, he added, we now have a fund to further culture and education and it has already allowed us to air-condition the archives of the "Jose Marti" National Library of Cuba, print classics of our national literature, and provide the equipment for our specialized training schools.

Although we go to the market, we have seen to it that its benefits be used in accordance to the socialist policy. Cuban culture has sustained a brutal blow when it went from subsidy to self-financing, he asserted.

According to Prieto, music and the plastic arts are the Cuban art manifestations that are best received in the market. Our literature, although of great quality, is not competitive in a world that "deifies best-sellers," [former word in English] he said.

The editorial industry, he asserted, is one of the sectors that received the harshest blows from the crisis. Approximately 2,000 books were being published in the country every year; we only published 225 in 1994. This year, however, we can see a revitalization in the literary publications, he added.

The UNEAC president said that despite the scarcities, the basic principles of cultural policy are upheld in the island, especially by allowing all those who have talent to have access to specialized training and by placing arts works at the reach of the entire society.

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Colonel Discusses Rating of Western Army

PA2211122795 Havana Radio Rebelde Network in Spanish 1255 GMT 17 Nov 95

[Report by Maria de las Nieves Galan from the "Doing Radio" newscast]

[FBIS Translated Text] [Galan] The Western Army is rated as outstanding in the maintenance of weapons and technique. I will talk to Colonel (Mario Moro), of the Tank and Transportation Section of the Western Army. Colonel, how did you influence this outcome?

[(Moro)] This is truly the result of efforts made by all officers, sergeants, soldiers, and civilian workers in this command. It reflects their daily work and efforts, as well as the application of new techniques for the maintenance of weapons and technique. This has involved, above all, very responsible and systematic work by all command comrades.

[Galan] To what extent does this technique remain vital and not lose effectivity?

[(Moro)] Actually, the [word indistinct] system we have applied in the Armed Forces, our technique is still fully vital in the fulfillment of all our missions when they should be applied. In other words, the techniques applied in the [word indistinct] ensure a high degree of combativeness, which has been tested. This outstanding rating reflects their combative readiness at all times.

[Galan] What units stood out in this work?

[(Moro)] Military Units 27-21, 26-66, 40-46, and 33-31; that is, over half of the controlled units won an outstanding rating. This is why the command won this rating. All the others [words indistinct].

[Galan] What type of maintenance support do you give to civilian institutions?

[(Moro)] Based on the experience accumulated by the Armed Forces in this work in the past years, we have been asked to give support and advice to the national economy. This work has yielded satisfactory results in all provinces, Army [word indistinct], companies, and state-owned enterprises.

ANPP Vice President Urges Smaller Assemblies

PA2211141095 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Nov 95

[Report by Fernando Sanchez from Ciego de Avila; from the "National Radio News" newscast]

[FBIS Translated Text] Jaime Crombet, vice president of the National Assembly of the People's Government [ANPP], told the press during a working visit to the province that the cooperation from the area's most influential sectors is needed to organize the meetings and that the most convenient place, day, and time need to be chosen. He also requested that the assemblies be made smaller to facilitate information on what is being done in the neighborhood, municipality, province, and country, but especially to develop more effective voter participation in the debates.

On this point, the ANPP vice president insisted that what is basic for the accounts-rendering process, beyond the mere collecting of proposals, is for the people to participate in the search for alternatives to problems, and that the solutions, in practice, must have the participation of all the community.

Rosales del Toro Attends Education Meeting

PA2111141195 Havana Radio Reloj Network in Spanish 2039 GMT 20 Nov 95

[FBIS Translated Text] Division General Ulises Rosales del Toro, first vice minister of the Revolutionary Armed Forces [FAR], is heading the assessment meeting on patriotic, military, and internationalist education in Havana. The participants in the meeting being held at the Villenas Revolucion Polytechnic School in Boyeros are conducting a thorough evaluation of the study of history, national symbols, and Marti's works.

They are also studying the presence of certain subjects in the class plans such as the Constitution of the Republic, national defense and foreign investment laws, and other documents aimed at increasing the students' knowledge of the law.

Public Education Minister Luis Ignacio Gomez; Maria Victoria Velasquez, first secretary of the Union of Young Communists [UJC]; high-level FAR officers; and officials from party, government, and political organizations attended the meeting.

Central Army Repairs Matanzas Water System

PA2611142695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 21 Nov 95

[Report by Nelson Barrera; from the "NTV" newscast]

[FBIS Translated Text] There is a shortage of water in the city of Matanzas in Matanzas Province. However, this situation is normal. The water that is pumped is insufficient and a good amount is wasted throughout the distribution network, which is very old and deteriorated. With the Central Army's contribution of men and resources, the situation is being controlled. The Grito de Ibarra contingent is carrying out Operation Faucet [Operacion Salidero], which is already in its tenth month. The first phase has concluded with the repair of 250 leaks in the water main system. The task is now

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getting more complicated within the city. According to the foremen, the magnitude of the work is impossible to quantify since there are countless faucets inside homes and there are no plans to get to them yet.

A man with 40 years experience working for CONACA [National Committee for Waterworks and Sewage] stated that this kind of work had never been performed before. In the neighborhoods of Versalles, Pueblo Nuevo, and Matanzas, close to 1000 leaks have been eliminated, dozens of homes have received new connections, and hundreds of meters of new pipes have been installed. Hundreds of families now live with the hope that water will return, at least from time to time.

Changes in Agricultural Sector Reported

PA2611225.95 Havana PRENSA LATINA in Spanish 0625 GMT 22 Nov 95

["Exclusive" article by Santiago Rodriguez Castellon, PRENSA LATINA collaborator and research specialist at the Center for Cuban Economic Studies: "The Evolution of the Agricultural Sector"]

[FBIS Translated Excerpt] [No dateline as received] The Cuban agricultural sector is currently undergoing a process to adjust to organizational and productive changes in the areas of production and marketing of agricultural products. These changes take place within the framework of the restructuring of the economy in general and are viewed as the most radical and thorough ones implemented in recent years.

Part of state-owned land for free use is transferred to groups of farm workers, theoretically designed to work with autonomy and a sense of belonging and known as Basic Cooperative Production Units (UBPC's). These UBPCs control 28 percent of the country's land fund; 50 percent of the land that was formerly in the hands of the state; and 80 percent of the nation's sowed land. [passage omitted]

The assignment of idle lands for free use to families with the goal of exploiting them constitutes another measure of the state's group-style economic restructuring process.

This process is implemented mainly to promote the sowing of tobacco and coffee. During 1994 and in nine months of 1995, nearly 7,000 families were given land located in the mountain areas to grow coffee, while 160,000 people were assigned small parcels to use for their personal and family consumption.

Approximately 13,000 hectares for the sowing of tobacco were assigned to 6,000 households, which leads to an estimate of 25,000 new tobacco producers. [passage omitted]

During the first half of 1995, the production of tubers and vegetables increased by approximately 28 percent, which means an estimated increase of 4 million quintals compared to figures for the same period in 1994.

In terms of structure and scope, the UBPC's are beginning to yield results, since the higher growth rates are registered by these organizations with 35.5 percent of total growth, 32.5 percent of growth in the production of tubers, and 49 percent of growth in the production of vegetables. [passage omitted]

Fifty-two percent of the potato-growing sector reflected an increase in the first phase. The state prioritizes the preparation of the land, size of the area to be sowed, quality of the seed, machinery, and labor force according to their significance in the population's diet.

The production of sweet potatoes follows that of potatoes with 37 percent of the total increase by product type with a similar importance to that of potatoes.

Plantains are among these prioritized crops, and their production has remained at a similar level compared to the previous period, with slight increases registered for bananas in the cooperative and farm sector. The attention given to this crop has dropped due to its dependence on irrigation systems and the availability of fuel.

A rise in the yields is one of the fundamental achievements at this stage. An instance of this is that for a first time in the 1989-1995 period, the state sector registered yields above 6,000 and 2,000 quintals per caballeria (one caballeria is equal to 13.42 hectares) in the harvest of potatoes and vegetables, respectively. [passage omitted]

Cattle breeding has been one of the hardest-hit agricultural activities during the economic crisis, to such a degree that its technology has drastically changed in light of its heavy reliance on imported forage and the reduction in the volume of forage coming from the increasingly depressed sugar harvests.

In light of this situation, a cattle-breeding policy was launched in an attempt to promote a domestic forage supply by using sugarcane as a source of forage and properly handling the pastures. As a reduction in the size of the herd of milk cows takes place, new mechanisms to upgrade the quality and the amount of nutrients in the milk are introduced.

However, in the first half of 1995, the indicators of cattle breeding show a certain imbalance and instability in their results. In the first half of 1995, milk production dropped by 17 million liters compared to the same period in 1994 as a result of a reduction of 21,111

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head in the number of milk cows . In addition, the yields remain low with a slight upward trend. [passage omitted]

The opening of the agricultural markets came accompanied by a marked decline in prices on the black market and favored the participation of the population in this type of trade in keeping with the income of every family.

Approximately one year after its creation, the market is realizing accumulated sales of 1.492 million and 1.5 billion pesos, of which 56 percent is sold in the market in Havana, which has a population of 2.3 million people.

There are 40 markets in Havana, with a volume of sales of 1,143,767 quintals and 857.8762 million pesos.

These sales represented the collection of 42.8938 million in tax revenues and 38.0252 million pesos in services.

The agricultural market controls between 25 and 30 percent of the agricultural foodstuffs. [passage omitted]

Balance of the Land

	Thousands of Hectares	Percentage
Total	11,066.4	100
State-owned	5,994.4	54.1
UBPC's	3,093.9	28
Agricultural Production		
Cooperatives	837.5	7.6
Credit and Services		
Cooperatives	849.2	7.7
Scattered Farmers	256.3	2.3
Lands Assigned for		
Tobacco and Coffee	32.9	0.3
Lands Given to Persons	2.2	0.02

Source: Agro-Industrial Department, Ministry of Economy

Report on New Tax System; More To Come

PA2711141595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 26 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] The Finance and Prices Ministry reports that a new tax system will go into effect on 1 January.

Resolutions 24 and 25 — regarding taxes on property and ships — and Resolutions 26, 27, and 28 — which set specific and general tolls [las tasas generales y especificas de peaje] — are part of the progressive tax system [estan contenidas en el programa de aplicacion gradual del sistema tributario] established under Law 73.

Resolution 24 of 1995 regulates taxes on the foreign currency that Cubans earn through commercial activities; property rental; or intellectual, artistic, manual, or physical labor. The following are also subject to taxation: monetary commissions; salaries; income generated from sources different than those already mentioned; and foreigners in Cuba for more than 180 days during a single fiscal period who receive income from national sources.

Pensions, remittances received from families abroad, donations to the Cuban state or nonprofit organizations, and the foreign currency earned by foreign officials representing organizations to which the Republic of Cuba belongs are tax free.

Individuals, state enterprises and entities, cooperatives, private enterprises, and companies dealing in either Cuban or foreign capital that have boats registered in national waters are subject to the tax on property and ships. A vessel's dimensions and frequency of use will determine the tax rate.

Resolutions to go into effect in the next few days and to be published at a later date will include those on a tax on personal income or on foreign currency earned from renting houses, rooms, spaces, and others. A general tax with progressive rates on personal income in Cuban pesos, on self-employed workers, and on other activities is also being considered. Information on all of this will be released in the next few days.

Workers' Movement To Donate Wages to Militia

PA2711173595 Havana Radio Rebelde Network in Spanish 1800 GMT 21 Nov 95

[Report by Mireya Ojede; from the "National Radio News"]

[FBIS Translated Text] The Cienfuegos Province branch of the Cuban Workers Federation [CTC] has started up

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the First and the Fatherland [El Primero y la Patria] movement, which commits workers to donating wages earned on 1 January 1996 to the territorial troops militia [MTT]:

[Ojede] (Allen Murphy), secretary general of the Cienfuegos Province branch of the CTC, reports that more than 109,000 CTC members will commit to this on the anniversary of the Revolution and during the provincial assembly prior to the 17th congress. Donations from the First and the Fatherland movement will be put toward the defense of Cienfuegos work centers, where the CTC will also hold meetings on the contributions. There are eight major municipal staffs in the province, with most of the weaponry and equipment financed by the people. Cienfuegos has collected more than 93 percent of the funds that this year's plan calls for to finance the MTT.

Captain Discusses Trade Crimes, 'Economic Police'

PA2711191195 Havana Radio Rebelde Network in Spanish 1255 GMT 22 Nov 95

[Studio interview with Police Captain Angel Diaz by announcer Felix Garrido; from the "Doing Radio" newscast — live]

[FBIS Translated Text] [Garrido] Captain Angel Diaz is here today to discuss police issues.

[Diaz] Good morning. The fundamental issue involves economic crime.

[Garrido] Someone made a rather ugly remark that some agents are participating in...

[Diaz, interrupting] This could not be further from the truth.

[Garrido] This is not true.

[Diaz] There might be one case out there: I do not deny that someone might be making this mistake. The police are carrying out these operations at different places. The police have arrested those participating in these activities. A whole group of people — not just police officers — are involved. People from various social circles are involved.

[Garrido] However, some officers argue that they are responsible for maintaining public order and not for taking care of matters that fall under the inspector's jurisdiction.

[Diaz] It is true that the inspectors must play a fundamental role in these cases, but we must first identify those who could cause trouble. We not only have worked in this area but also have tried to identify what is behind these activities in different areas in light of an apparent lack of control. I can assure you that special groups within the technical investigations department are carrying out these operations in these areas and that several citizens have already been arrested.

[Garrido] However, it has been argued that these operations are sporadic. For instance, we see gallons of (Copelia) ice cream being sold in one particular area every day. Everyone sees this. A caller even told us that they hawk their ice cream right here, in this area, and...

[Diaz, interrupting] We carried out a major operation last week in the area where this ice cream is made. We even located people in certain areas who were taking out gallons of the ice cream to later sell it as [word indistinct]. This effort by our partners — who are participating in a very thoughtful task — might not be easily detected [words indistinct]. As you know, there is the public police force — that is, uniformed officers — and a police force that operates in a different way.

[Garrido] Is this being handled properly?

[Diaz] It is not being handled properly. We still have much to do in this regard. Without resorting to useless justifications — which I dislike — I will say that I am quite familiar with the work of a certain group of instructors, detectives, and colleagues who are experts in this area.

[Garrido] Shouldn't the economic police [policia economica] complement the work of [words indistinct]?

[Diaz] Certainly. However, this concerns more than just the police. A group is involved about which generalizations are often made. This might lead to superficial solutions in this regard, but they might not have the expected results. The police cannot solve this problem alone.

[Garrido] There is a surveillance system.

[Diaz] As you have mentioned, there is a surveillance system. Many factors are considered so that in areas where people act with impunity or with apparent impunity, agents can neutralize them. Many people and many of society's elements which work there must act properly.

[Garrido] There is also a slightly negative factor which rewards these actions, which is that they offer products at a lower price. This may attract many people. Maybe, there are persons who succumb and go in search of something at a lower price rather than paying a little more. Everyone is aware of the hardships and economic difficulties. While that possibility exist, many people will go there seeking that alternative. We can discuss this on another occasion.

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Assessment of Labor Resources Reflects 'Realities'

PA2411160295 Havana Radio Reloj Network in Spanish 2054 GMT 22 Nov 95

[FBIS Translated Text] The results of an assessment of labor resources in Havana conducted by labor authorities, and made public recently, reflect realities as well as paradoxes. The employment problem is one of the main topics of the upcoming Cuban Workers Federation Congress, which calls for no longer seeing jobs as the exclusive result of the political will, because jobs are linked primarily to our economic realities. This situation is extremely complex in Havana, where a huge human potential, mostly highly trained, is concentrated.

Between 1990 and 1994, there was a downward trend in employment. This year, the situation has begun to normalize with the increase in self-employment, which nowadays totals over 74,000 workers in Havana. However, the paradox lies in the imbalance in the distribution of the labor force, since many work centers still have surplus personnel, while there is a shortage in vital sectors of the economy.

Labor authorities have announced a program of measures, including the construction and repair of homes and the creation of organic gardens. These new jobs will primarily employ surplus workers, those receiving the 60-percent sudsidy, and graduates from many diverse fields.

Insurance Sector To Undergo 'Significant' Change

PA2411153195 Havana Radio Reloj Network in Spanish 2047 GMT 20 Nov 95

[FBIS Translated Text] The insurance sector will experience significant changes in the next five years. This was stated by Jose Carlos del Toro, director of the Cuban School of Insurance. Del Toro was referring to the revolution that budgetary refinancing will experience to cover business losses and the impact of the process of decentralization on the reforms. The expansion of the operations of the National Insurance Enterprise will also be shaped by the implementation of more integrated plans to control and underwrite contingencies. Del Toro added that measures are being taken to face this challenge, including training the necessary personnel. To this end, he said, courses are underway nationwide.

Commentary on Professionals Changing Jobs

PA2411005095 Havana Radio Reloj Network in Spanish 2030 GMT 19 Nov 95

[Station commentary by (?Dimas) Alfonso]

[FBIS Translated Text] In a recent meeting of the party, Julio Garcia Olivera, vice president of the Economic Society Friends of the Country, made a very worthy remark. Almost regretfully, he said that there are many hundreds of thousands of university graduates in Cuba. It is like complaining that the country has many gold mines or plenty of crude oil. Garcia Olivera said: This is our main wealth. We agree with Julio completely on this remark. If there is anything we should feel proud of it is the high technical and professional level attained in these years of revolution. To make this assessment is to have the feet firmly planted on the ground.

In the meeting we have mentioned, Garcia Olivera made another remark. He said that every time a university professional starts to work in a different field spurred by the possibility of earning convertible cash, we should regard it simply as a defeat. The fact that a female nuclear engineer goes to work in an office or that an electronic engineer works well below his intellectual capability is not the best that can happen.

We know that many Cuban professionals, shaken by the present economic situation, have abandoned their positions and moved to lower positions. It is well known that a high intellectual capacity is necessary for the former, but the present one offers hard cash in dollars. Yet this decision is highly personal, just like the decisions of thousands of scientists, professionals, engineers, doctors, or would-be doctors, who have decided to stay in their positions although, as we know, the income derived from them cannot be compared to what they could obtain by exchanging category for money. These are differing stands but everyone should follow the dictate of his own conscience.

All of us are familiar with the dynamics that human knowledge possesses today. A doctor, scientist, or engineer, who leaves his environment and moves to a different field, will gradually lose his training. He will stop receiving qualified information and will gradually get detached from his field. After a few years, he will be so detached from his specialized field as we ourselves would be from the Andromeda nebula. The country will recover in a medium-term basis. Then professionals' income will again be in accordance with their capacity and work. We wonder: Will those who abandoned their own fields be able to return? Would it not be a strategic error to abandon the areas for which they were trained? What will happen later? Only time will tell.

Tourist Flights Increasing at Holguin Airport

PA2111134995 Havana Radio Reloj Network in Spanish 2056 GMT 20 Nov 95

[FBIS Translated Text] At the Frank Pais International Airport in Holguin, 27 international flights will be landing weekly during the peak of tourist season. Operations

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at this airport have been steadily increasing since October, with the arrival of tourists from approximately 30 countries; this includes Colombia, which is flying visitors to this region for the first time.

With five flights a week, Canada is the country with the largest operation in Holguin, thanks to flights from its five airlines from many different cities such as Quebec and Toronto.

The Holguin region currently has over 1,300 tourists, one of the largest figures to date, and more are expected. This number of flights and passengers during the peak of the season is significant in comparison to previous years.

Official Says Results Needed in Pinar del Rio

PA2011194595 Havana Radio Rebelde Network in Spanish 1800 GMT 13 Nov 95

[Report by Jose Cabrera; from the "National Radio News" newscast]

[FBIS Translated Text] A plenary meeting of the party held in the past hours in Pinar del Rio agreed that the Politburo and the people must receive specific results and not plans, measures, strategies, and programs.

[Begin recording] [Cabrera] A state of emergency was declared in Pinar del Rio, because of the deterioration facing the milk production process of the cattle-breeding industry. In the past four days, however, and without investing additional resources, there was a production increase of more than 2,000 liters and this figure is expected to surpass 6,000 before the end of the year.

During an analysis of the serious food problem, it was announced that crop rotation will begin and other areas will be added to the production of tubers, vegetables, and grains. Some have already yielded the first crops.

It was already reported that the peasant movement is reorganizing and being given priority [passage indistinct] who will soon contribute more than half a million quintals of agricultural products.

In her speech, which was in keeping with the present situation, Maria del Carmen Concepcion Gonzalez, first secretary of the party in Vuelta Abajo, assured that it is not enough to offer broad explanations on purposes and programs, but actions to ensure that each Pinar del Rio resident will see more food on their plates:

[Concepcion] Our people reject more explanations, strategies, and commitments. What we need is work that yields results and this is definitely the main principle that I want to underscore as I close this plenary meeting.

[Cabrera] The main requirements that will be considered for the selection of the city that will host the ceremony to mark 26 July were also approved. Three phases are involved. Pinar del Rio will try to win the right to host the national ceremony. Several changes at the cadre level were also revealed. [end recording]

National Conference on Tourism Held in Havana

PA2711163295

[FBIS Editorial Report] Havana Tele Rebelde and Cuba Vision Networks in Spanish at 0100 GMT on 24, 25, and 26 November carry the following reports on developments at the National Conference on Tourism, held in Havana 24-26 November. Date of report follows each entry in parentheses.

Tourism To Surpass Sugar on Foreign Currency — "Hoteliers, tourism industry managers, and government officials are meeting on achievements and mistakes within, as well as the future of, the tourism industry.

"Tourism Minister Osmany Cienfuegos reported at the opening session of the National Conference on Tourism that the number of tourists arriving in Cuba has been rising steadily since August, citing a 74-percent increase in October and an 80-percent increase overall to date. Economic efficiency, the tourism industry's contribution to the balance of payments, and the payments tourism enterprises must make [words indistinct] were the focus of debates on the first day of the conference. The need to increase [words indistinct] in the tourism industry was also debated, with the drop in volume of accounts receivable and prospects for 1996 [words indistinct] of net foreign currency contributions to the national economy is expected compared to 1995. The high cost of running tourism operations — primarily due to excess manpower, expensive supplies, and delays in collecting from tour operators — was noted as one of the factors inhibiting the industry's economic efficiency. It was noted during the meeting that economic efficiency has grown compared to 1994.

"Economy and Planning Minister Jose Luis Rodriguez said this morning that the tourism industry will provide Cuba with more foreign currency than the sugar industry in 1996 and that this industry's contributions must continue to grow.

"Conference participants also discussed the tourism industry's influence on production nationwide, especially with regard to agricultural and industrial supplies. Inconsistencies in quality and quantity, particularly with regard to fruit, boiled or fried vegetables [viandas], and fresh vegetables, are a major problem. The high prices on certain goods — due to production costs, inferior

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quality, and insufficient sales work [insufiente gestion de venta] — were also discussed.

"It was reported that tourism activity has financed imports worth $167.3 million and contributed $91 million in income as of September. The number of workers linked to these production levels amount to 54,000 nationwide [words indistinct]. Carlos Lage, vice president of the Council of State, chaired the conference. Cuban Communist Party Politburo members and other government officials attended." (24 Nov)

Need To End 'Persistent Cronyism' — "Commander in Chief Fidel Castro attended this evening's sitting of the National Conference on Tourism. The conference, which opened in Havana yesterday, will close tomorrow.

"Hoteliers and tourism industry managers debated issues like the quality of the tourism product, hotel marketing, employment policy, and training. Projections for the close of 1995 prove that this industry has real market potential, with approximately 745,000 visitors expected for all of 1995. This is 17 percent more compared to 1994. December will likely set a record, with 80,000 tourists — 60 percent more compared to the same period last year — expected. The number of tourists visiting Cuba has grown three times faster over the past four years than the number arriving in the rest of the Caribbean. Cuba also registered the highest overnight stay rate in the area, having risen to 10 days during 1995.

"Despite these achievements, participants concurred on the need to give greater participation to hotels in marketing activities to achieve higher results. They spoke in favor of a greater study and knowledge of the markets, which requires greater professionalism on the part of the personnel handling that activity. The need to promote some tourism spots — such as Santiago de Cuba and Pinar del Rio — and to improve the hotel infrastructure to raise the quality of services were among the topics the participants discussed.

"Commenting on other topics at today's meeting — tourism, employment, policy, cadres, and training — the participants spoke in favor of ending the persistent cronyism seen in the hiring of relatives and friends to work in the tourism industry without consulting hiring agencies. They also agreed to support the war on corruption, theft, deviation of resources, and every criminal action that mars this industry's good name. Hiring agencies must transform into entities specialized in supplying the tourism industry with its labor force, without entailing that the most qualified worker is not assigned to each vacancy. Another topic that was discussed was the importance of the discipline and qualifications committees and the attitudes of workers as the means to achieve top quality services." (25 Nov)

Lage Delivers Closing Remarks — "Commander in Chief Fidel Castro attended the closing of the National Conference on Tourism. Carlos Lage delivered closing remarks. Hotel managers and top officials of the national tourism industry spent three days debating issues like marketing and quality of tourism as a product, the sector's preparedness, and the need for reorganization to prevent excess numbers of workers." (26 Nov)

Views Status of Tourist Sector

PA2811011095 Havana PRENSA LATINA in Spanish 1713 GMT 26 Nov 95

[FBIS Translated Text] Havana, 26 Nov (PL) — It has been reported here that the Cuban hotels that are assigned to the international tourism sector — a sector of great expansion — will have 25,000 rooms by the end of 1995, and will gradually double this amount during the next five years.

The information was disclosed at a national meeting of hotel keepers and personnel related to the tourism sector, which met in this capital city until last night. The purpose of the meeting, which was presided by President Fidel Castro, was to study the results of the sector's efforts.

Among the issues discussed by the participants of the meeting was foreign management and mixed firm contracts, which are methods promoted to support the island's economic reforms and in which the Spanish Sol chain is a pioneer.

According to information published in Sunday's newspaper, the island has signed 24 agreements with 12 foreign companies. Those agreements cover 30 hotels; 26 government-owned and the remaining four owned by mixed firms.

In addition, it has also been reported that the workers in this leading sector of the Cuban economy, have contributed during this year, to the health sector — this mass and free service is an undisputable social advancement — approximately $1.5 million in tips donated to the government.

At the meeting's conclusions, Carlos Lage, the country's vice president in the economic sphere, indicated that the so-called smokeless industry has possibilities of growing in the near future and, he added, the problems that have been studied "show there is a will to attain greater efficiency."

Lage underscored the sector's role in reactivating other productive sectors.

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After the crisis, which appeared at the beginning of the 1990's, due to the collapse of the Socialist sphere — main supplier and purchaser — and the increase of the U.S. blockade, the Cuban has started to show signs of recovery and has grown more than 2 percent and has prospects of growing approximately 3 percent.

Program Discusses Sugarcane Harvest Plans, Goals

PA2811020295 Havana Radio Rebelde Network in Spanish 1700 GMT 23 Nov 95

["Straight Talk" program with guests Renato Recio and Luis Concepcion and host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] Renato Recio and Eloy Concepcion from TRABAJADORES newspaper reappear today in "Straight Talk" to discuss goals and plans. I am saying that they reappear because they have not been in the program during several months due to their schedules, among other reasons. Our listeners have missed them, but I think that they are back today with a very controversial issue, which I am going to let them introduce.

[Recio] First I want to begin by saying hello to Radio Rebelde listeners, particularly "Straight Talk" listeners after this absence. Regarding the topic that you just introduced—plans and goals—we are going to specifically concentrate in the sugarcane harvest, because this is currently the most important issue in the national economic agenda. Therefore, we will just refer to plans and goals for the sugarcane harvest.

[Rodriguez] Exclusively?

[Recio] Yes. There is a grand goal which has not been accomplished yet. This goal calls for a much better harvest, one far more superior than last year's harvest.

[Rodriguez] Everyone speculates on this issue, because we have not succeeded so far. Many believe that we can leap from the approximately 3 million tonnes [unit not specified] produced during the past harvest to 7 million tonnes.

[Recio] This implies little understanding of sugarcane and sugar, which I believe the Cuban people have. However, I think that it is understandable that a set goal was not achieved, because the sugarcane industry has been semi-paralyzed, among other reasons. Now it needs a leap, and no one knows how high it can go. There are limits, of course. Also, as everyone understands, we should be cautious with predictions...

[Rodriguez, interrupting] What about you, do you have any secrets for our listeners? Are you going to give your opinion, or rather your prediction?

[Recio] I am not sure whether even Eloy would give his prediction today.

[Concepcion] I first want to say hello to "Straight Talk" listeners, as you just did. We recently had the opportunity to tour the 14 Cuban provinces on the occasion of the sugarcane union celebration. I think that the plans and goals topic is a very current one, and one that has a great significance. We have been designing plans and goals for many years, and also celebrating the fulfillment of plans and goals, when in reality results do not correspond with the enthusiasm displayed during those celebrations.

[Rodriguez] Is this what is currently happening with the harvest?

[Concepcion] Yes. We can talk about the sugarcane problem. We are currently approaching what we might call the drought. It recently rained in Holguin province and in other locations, yet, the dry season is ahead. There is a sugarcane rainy season planting plan to continue and stabilize sugar production. The rainy season planting plan is therefore crucial. However, rainy season planting cannot be accomplished just because. Basic Cooperative Production Units, Agro-industrial Complex [CAI], or farms cannot go ahead and plant 10 caballerias for the simple reason that they are expected to fulfill that goal, and say: We did it. Later on we hear that one CAI or other, in such or such province, has achieved its rainy season planting plans, but in two of three months they report that five or perhaps eight caballerias were lost. This was common last year.

I understand that approximately 3,000 or 4,000 caballerias must be planted to fulfill the rainy season planting plans. It can be done. Sugar Minister Nelson Torres stated yesterday during the last session of the sugarcane congress that over 3,000 caballerias might be at risk. In addition, the sugarcane planted in recent months—November and September—must receive water some way or another. I know that it is currently raining north of Las Tunas province, however, workers have had to find ways to irrigate the fields in other locations, to help the sugarcane, which germinated well and is a good sugarcane.

However we cannot plant sugarcane just because. We must plant sugarcane to have sugarcane. We cannot fool ourselves and plant it just to fulfill a rainy season planting plan, when that sugarcane runs the risk of being lost.

[Rodriguez] Renato was discussing the yield increase issue. I believe that there has been plenty of talk about the well known point [punto] which must be accomplished by the mills during the upcoming harvest.

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Perhaps you can tell us your opinion on the one-point goal [meta del punto]. First of all explain what a point means.

[Recio] You are talking about what is also called a unit [un entero]. Industrial sugar yield is measured in percentages. Thus, mills might achieve a ten-point industrial yield for instance.

[Rodriguez] Which would represent a ten percent.

[Recio] Yes. Or they can perhaps reach 11 or 12 points, when they have a very good yield. However, recent years' harvests resulted in a decline in sugar production and efficiency. Therefore, industrial yield decreased, and the need to struggle to bolster the one-unit yield or point is being stressed at this time.

You were referring to problems related to the sugarcane harvest's plans and goals. I believe that these problems go beyond the harvest. All sectors, I might say that the nation as a whole suffers because we are not being too objective when we design goals and plans.

Forgive me for continuing a few moments on this issue, but I see that there are two trends. Sometimes the plans and goals designed are clearly impossible to fulfill, whereas there is a second trend of designing plans and goals which are very easy to accomplish.

[Rodriguez] They are designed for propagandistic reasons.

[Recio] It is true. These plans can be fulfilled with little effort.

[Rodriguez] In these cases, 200 percent effectiveness can be reported.

[Recio] Yes. Fidel has recently said, and it is obvious, that it is much better to design a solid plan that demands big efforts, even when it becomes impossible to achieve, than a mild and easy plan which can be fulfilled with no effort at all.

[Rodriguez] Some economists state that plans which report over 10 or 15 percent effectiveness are unreal.

[Recio] I agree, with the exception of some temporary plans. But allow me to go back to the point and unit issue. We are currently hearing of this goal to increase production to a higher point, as is it were a general and equal goal for all mills nationwide. Sometimes we hear that all mills must increase production one point, to achieve one more unit. There is lack of objectivity in this goal. It has propagandistic connotations, with no real objective substance. Why? Because some mills had performed very badly. I do not want to name specific mills, but there were many in this situation. Whereas, other mills have performed rather well, even in spite of the crisis. Remberto Bata Aleman and Mayo Munoz mills...

[Rodriguez, interrupting] In Matanzas.

[Recio] Also Uruguay mill, and others, have done well despite the crisis, and have maintained decent yields in spite of raw materials and supplies' shortages. Therefore, it is unreal to ask a one point production increase to mills which already had a fairly high yield, because they might not be able to go that far. They are worthy of merit nonetheless, and even more worthy perhaps. However, there are many mills in Cuba which have performed very poorly, showing low yields and high production costs. Thus, a one-point production increase in these mills would be insufficient.

[Concepcion] Cuba has the potential to reach a yield of 11 points.

[Recio] At the very least.

[Concepcion] Yes, at least 11.

[Rodriguez] Which was last harvest's yield?

[Conception] It did not reach 10.

[Rodriguez] Therefore, to expect a one-point increase...

[Concepcion, interrupting] It not just a matter of expecting a one-point increase. Excuse me Renato, but I must help you to understand the problem, in mills...

[Rodriguez, interrupting] Eloy, are you afraid of saying that you are disputing this issue?

[Concepcion] Not at all, but it is an interesting issue. Sugarcane mills lost two points within the industry last year, which represents almost 0.5 million tonnes of sugar. The core of the matter is not only to increase the yield or percentage when compared to last year, but rather stop losing these two points within the industry, which has been happening in recent years.

[Recio] There is a different way to see the goals' issue. This specific one-unit yield increase in all provinces would represent approximately 0.5 million tonnes of sugar.

[Concepcion] I would not say that it is a shame to have a yield below ten, even in the current circumstances, when the Cuba has made the harvest a patriotic issue. However, these poor results are an indication that there was no efficiency, guidelines were not followed, and the work performed was sloppy [chapuceria]. We cannot accept results under ten.

[Recio] However, it is really a shame when people set minimum goals, and their results are even beneath these expectations. It is embarrassing for CAI managers, or

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directors — I should say — to see the harvest ending with such poor results.

[Rodriguez] One unit or point in the Cuban sugarcane harvest depends, of course, on the size of the harvest, but does it or does it not amount to approximately 1 million tonnes of sugar?

[Recio] No. I just stated that it might amount to 1 million...

[Concepcion, interrupting] Yes, because is not one point over... [changes thought] Renato was just explaining it. Allow me to point out the case of Lincoln CAI in Artemisa, Havana, which had some sort of geographic fatalism. The CAI complained of not being able to achieve goals because the sugarcane there was not... [changes thought] No excuses. Sugarcane has a minimum 11 potential nationwide. However, everything must be done right to achieve this potential, they must grind the cane fresh, eliminate the burning of sugarcane as much as possible, reduce the amount of sugarcane tips [cogollo] and straw. The whole process is being assessed, I trust and hope that it will be conducted with quality this year because the country needs it. The sugar production leap that Cuba needs can be accomplished if we are really efficient, and that is what efficiency means.

There are mills, as Renato remarked earlier, that have achieved 13 or even 14 yields. This comes to prove that the potential of our sugarcane — and please Renato correct me if I am wrong — is way over 11. Cuba is a sugarcane country.

[Recio] I want to clarify that 13 or 14 yields were mostly achieved when mechanization was not so widespread, and sugarcane was cut using true slavery in capitalist times, but which resulted in a very clean sugarcane nonetheless.

[Concepcion] Do not blame mechanization.

[Recio] No, I am not.

[Concepcion] Mechanization is not to be solely blamed for poor sugarcane yield. Sloppy work is the main reason. Blame must lie in recent years' sloppiness.

[Recio] Sloppy work can be corrected. Yet, I am not justifying a ten percent yield on just sloppy work.

[Concepcion] But you believe that mechanization was fatal.

[Recio] No, but 14 percent is a magnificent yield, which cannot be achieved under the current technical conditions. I want to insist that efficiency is crucial to improve yield. I have a report on Granma province, which states that 15.5 million sugarcane arrobas did not reach the provincial mills, seedlings were left high off the ground cutting, and more sugarcane was lost in the fields, roads, and railroads. This additional amount of sugarcane would increase yield.

[Concepcion] Approximately 300 million arrobas are lost nationwide.

[Rodriguez] Undoubtedly, this is a topic worthy of further discussion. Thanks to Renato Recio and Eloy Concepcion from TRABAJADORES newspaper.

Roundup of Sugar Industry Developments Through 26 Nov

PA2711034895

[FBIS Editorial Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 26 November:

Cienfuegos Province will reportedly increase sugar production by 130,000 arrobas by modifying the height of sugarcane transportation carts. Each cart will be able to carry 100 arrobas in excess of their nominal capacity. Cienfuegos authorities have already modified 600 carts, and 700 others will be modified in the future. The iron and steel industry is assisting in this effort by providing 97 modified parts. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 7 Nov 95)

In Santiago de Cuba, the Julio Antonio Mella Sugar Mill has received 23 of the 350 new KTP2M equipment to be used in the upcoming sugarcane harvest. The sugar mill director reported this will help officials resolve the problem of sugarcane cutting and the quality of the cutting effort. He noted the machines used previously — KTP1 and KTP2 — confronted serious engine and hydraulic system problems. Personnel have been trained to carry out the cutting operations and the above equipment should be capable of cutting 85 percent of the 500,000 daily arrobas this facility produces. (Havana Cuba Vision Network in Spanish 0100 GMT 8 Nov 95)

Different varieties of sugarcane obtained in experimental centers in Camaguey have reportedly aroused interest due to their yield and resistance. Camaguey Province Sugarcane Research Station introduced new seeds of the Cuba, Barbados, and Combatore types. These types of sugarcane grow faster and have a high content of saccharose. Of these, the Cuba type is being grown in different parts of the country with high yields and resistance to disease. These researchers were selected to work in the sugar agroindustrial program to coordinate agricultural effort. (Havana Cuba Vision Network in Spanish 0100 GMT 8 Nov 95)

The Guillermo Moncada Agroindustrial Complex in Cienfuegos Province has reportedly completed 92 per-

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cent of its repairs in preparation for the upcoming sugarcane harvest. An official explained resources were obtained in western and eastern provinces to complete repairs. The repairs focus basically on energy facilities to prevent steam leaks affecting efficiency. The revamping of the boilers is also intended to increase the power generation for this sugarcane harvest. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 9 Nov 95)

Jose Ramon Machado Ventura, Communist Party of Cuba (PCC) Politburo member, has toured seven of the nine agroindustrial sugar complexes in Sancti Spiritu Province. He termed satisfactory the conditions for the upcoming sugarcane harvest. He explained a growth in yield per caballeria can be observed. Machado Venture stressed an economic recovery can be seen. He also urged workers to work with discipline during the harvest to accomplish the expected results. (Havana Cuba Vision Network in Spanish 0100 GMT 10 Nov 95)

Sugarcane farming in Las Tunas Province has reportedly showed a 48 percent growth over the last year. Nelson Torres, PCC Politburo member and sugar industry minister, has recognized this growth in sugarcane farming. He said the goals established by local authorities correspond to the needs of the country. Authorities stated they will have everything ready to begin the sugarcane harvest on 27 December. (Havana Radio Rebelde Network in Spanish 1800 GMT 10 Nov 95)

Haiti

Aristide Affirms Step Down From Power on 7 Feb

PA2811023795 Paris AFP in Spanish 2234 GMT 27 Nov 95

[FBIS Translated Text] Port-au-Prince, 27 Nov (AFP) — During an interview published Wednesday by the Creole weekly LIBERTE, Haitian President Jean-Bertrand Aristide affirmed he will leave power on 7 February 1996, the weekly's director Father Jean Yves Urfi told AFP this Monday.

Consulted about the request by the Haitian president's supporters that he remain in power for three more years, corresponding to his term in exile (1991-94) in the wake of the coup d'etat, Aristide said he had "a duty to listen to those who are in favor of the three years and those who favor the elections," scheduled for this coming 17 December.

"I do not want to divide the Haitian family," the chief of state declared.

Asked about the fact that he must decide on one or another solution and on a possible successor, such as the candidate of the presidential party "Lavalas," (editorial note: former Prime Minister Rene Preval), the Haitian president limited himself to responding in Creole "rt, gard, observ, na w," that is, "look, observe, we will see," Urfi stated.

Aristide Makes Statements on Mandate Extension

PA2811001095 Port-au-Prince Radio Nationale in Creole 2000 GMT 24 Nov 95

[Statements by President Jean-Bertrand Aristide during the closing ceremony of the National Dialogue at the National Palace in Port-au-Prince on 24 November — live]

[FBIS Translated Excerpt] [Passage omitted] [Aristide] Well, let us try to summarize. Let us try to summarize and finish. All right. Only one participant in this area. Anybody. Do not take too long.

[Unidentified participant] [passage omitted] Given that you initiated the dialogue, and I do not suppose that the dialogue would be done only among ourselves. It can be done between you and us as well. You asked us questions. Then, my question is: What do you think about the three years? [applause] How will you... [applause] because, President, you spent three years, you spent two years out of the country, negotiations we know nothing about were held. [applause] You held negotiations that we know nothing about and that we are not obliged to know because you were our president. We gave you this right with 72 percent or [69 percent]. Now, tell us what you think. [applause]

[Aristide] One has sought... [laughing while waiting for the people to continue his sentence by saying: "One has found"] [applause] All right. I am going to see if Father Yves Voltaire and Father Carre can help me answer. One has sought, one has found [Jan cheche, Jan twouve]. Well, here is it. The first answer I am going to give you is a diplomatic answer and the second one will not be so diplomatic. You asked me what I think. I think what you think. [applause] All right! [applause] However, here is my second answer: I also believe what many people who are not here believe. What does that mean in two words? [applause] What does that mean in two words? [applause] That means you and I must unite. You, I, and many of the people who are not here must unite as well. You must be careful that they do not make us fight among ourselves while we are uniting. You must be careful not to be divided — while we are uniting — on a question of three years or a question of elections. We want our country to change. The more we show solidarity, even though we do not always agree on all points, the more we will be able to prevent the country from continuing to tumble down.

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I am going to give an example. Imagine that the people who do not want disarmament see that those who want disarmament start fighting because some say three years while others say elections. Would they not be happy? It they could create conditions for that to happen, they would do it. My role as president is to agree with you when you want disarmament, to agree with you when you want elections and disarmament, when you want three years and disarmament because without disarmament [applause] no matter whether you want it or not, you will all find yourselves in trouble again because of all the heavy weapons. This is why I insist on the unity which must exist among all of us who want disarmament and who are working toward that goal. Meanwhile, you do not have to worry, I will go hand in hand with you. This means if you want three years, I will not ignore you, if you want elections, I will not ignore you because we must manage together [words indistinct] [passage omitted]

Sajous Reconfirms Holding of Elections 17 Dec

PA2811001195 Port-au-Prince Radio Metropole in French 1700 GMT 27 Nov 95

[Interview with Pierre Michel Sajous, Provisional Electoral Council, CEP, president, by Rotschild Francois, Jr.; from the "Midday" newscast — recorded]

[FBIS Translated Excerpt] A meeting is scheduled for this Monday [27 November] between the CEP and the presidential candidates. This meeting should allow both parties to move toward the process of the presidential elections of which the first round is scheduled for 17 December. The president of the CEP has proved to be reassuring by reaffirming that the presidential elections will take place on the scheduled day. The following is a report by Rotschild Francois, Jr.

[Francois] The electoral machine will continue on its course toward the realization of the presidential ballot (?scheduled for) 17 December. Through this statement, the CEP president tries to dissipate the clouds of suspicion hanging over the electoral process following the statements made on 24 November by the head of state. In fact, Jean-Bertrand Aristide wants to hold a consultation on the question of the possible extension of his mandate. In view of this speech by the head of state three weeks prior to the elections, the CEP president refers to the commitments made by President Aristide before both the national and international community, according to which he would relinquish authority on next 7 February to the one elected on 17 December. Let us listen to Pierre Michel Sajous.

[Sajous] As long as President Aristide does not deny the firm statements that he has been making for several weeks, we take it for granted that there will be a transfer of power on 7 February 1996. Regarding the [electoral] council, all the activities that were planned for the elections will continue normally. I am pointing out to you that firmer statements were already made by President Aristide. If you tell me that there is ambiguity, I will reply that firm statements always prevail over ambiguous statements. On that score, we will stick to the firm statements that were officially made before the Haitian population and before the international community. This is what is important for us.

[Francois] In the event that the dialogue advocated by President Aristide ends up with a cancellation of the elections, what will be the attitude of the CEP?

[Sajous] You should first tell me how this dialogue can end up with a cancellation of the elections. You should give me the procedure.

[Francois] But the president has said that he is going to meet with other sectors, that he is going to consult other sectors in order to know what is going to be done.

[Sajous] In this case, I will tell you that we will cross the river when we [words indistinct] in front of the bridge.

[Francois] Would the CEP — the CEP members — be ready to participate in such a dialogue?

[Sajous] I do not see in what the CEP could influence such a dialogue because the role of the council is essentially to hold elections. It is not the duty of the council to go and decide whether elections should be held or not. It is not our function. So, I do not see how the council could be the main actor or an important actor in such a dialogue.

[Francois] [Words indistinct] that according to the council, the electoral process will continue?

[Sajous] Absolutely, and we are going to carry on with the activities as scheduled and our impression is that President Aristide is (?supporting) the electoral process until we find proof to the contrary.

[Francois] The CEP president further says that the council will respect the timetable which was worked out. The activities are going very well, adds the CEP president who announces for this week the publication of the first figures in the partial registration operations. Asked about the demands expressed by some sectors so the registrations can be extended to the citizens who did not have time to get their electoral cards during the legislative elections, the CEP official says the chances for this group of citizens [to register for their electoral cards] are slim, adding that this operation was going to cause enormous difficulties on the technical plane 20 days before the elections.

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Furthermore, the CEP president acknowledged for his part that the electoral campaign remains lifeless while giving the guarantee that the council wants to realize good elections on 17 December. [passage omitted]

Moreover, the CEP president informed that the electoral institution has relations which he describes as normal with the government of Mrs. Werleigh. Pierre Michel Sajous says he has detected no attempt by her government to hinder the good functioning of the electoral process which has to end up with the arrival of a new president in power on 7 February 1996.

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Salinas 'Dismayed' Over Brother's Fortune

PA2611234095 Paris AFP in Spanish 2137 GMT 26 Nov 95

[FBIS Translated Excerpt] Mexico City, 26 Nov (AFP) — Former President Carlos Salinas de Gortari has conveyed his astonishment and dismay regarding the discovery of the fortune in the possession of his brother Raul, in a letter faxed AFP on Sunday, in which he added that "if he did wrong he must be sanctioned severely by the authorities."

The authenticity of the letter, dated 26 November and entitled: "Statement by Carlos Salinas de Gortari," was confirmed by his permanent Mexico City office.

The whereabouts of Carlos Salinas de Gortari, who departed less than one year ago to a self-imposed exile, are unknown, and his permanent office in Mexico said on the telephone that it does not know where he is and that it just received orders to send the statement.

A few days ago, his sister-in-law was arrested in Switzerland while trying to withdraw $83.9 million that belong to Raul Salinas de Gortari but appear under someone else's name.

The statement noted that "I have heard the new charge leveled against my brother. Just as I have maintained, and continue to maintain, my conviction that he is innocent of the crime he has been accused of since February (masterminding a political crime, which is why he is in prison), I am now expressing my astonishment regarding the manner of the transactions mentioned, as well as regarding their elevated sums."

It added that "during my term in office (1988-1994), I never knew of it. Raul's expression of sorrow to the family is right."

"He will have to explain in a clear manner, however, the amount and origin of those funds attributed to him. He must give details, and when he does he must have the opportunity to give a full explanation in a pristine process. If he is responsible for wrongdoing, he must be severely sanctioned by the appropriate authorities," the letter added.

"We in the family are greatly dismayed by these developments. In spite of that, we are expressing our brotherly love, especially in the face of the highly adverse experiences he has gone through in the previous months," the former president's letter concluded. [passage omitted]

IMSS Director Outlines Proposed Social Security Changes

PA2611201795 Mexico City XEW Television Network in Spanish 0400 GMT 22 Nov 95

[FBIS Translated Text] Genaro Borrego Estrada, director of the Mexican Social Security Institute [IMSS], appeared today before groups of senators, deputies, and IMSS workers at the San Lazaro Legislative Palace to explain the reforms included in the new social security bill.

Borrego Estrada said that the IMSS will neither be dismantled nor privatized:

[Begin Borrego Estrada recording, in progress] ...a reform to strengthen, not to weaken or dismantle the IMSS; a reform to increase the IMSS' ability to expand coverage so that it benefits more Mexicans and gives them better coverage; a reform to improve services and the [word indistinct] and to make the IMSS economically viable. That is, to strengthen its foundations for the future, and to make the IMSS more equitable and more social.

Borrego Estrada said that this is not a neo-liberal reform plan and that workers' rights will not be affected:

[Borrego Estrada] It does not affect the collective labor contract that was recently revised in a highly satisfactory manner by the administration and the IMSS. The integrity of the collective labor contract is preserved and is reliably guaranteed, and this reform does not involve personnel cutbacks either implicitly or explicitly. [end recording]

The IMSS director then provided details on the pension system, which will be divided into three areas:

1) Disability and death, which will be covered by a social-type insurance in which everyone contributes to a common fund — government, business owners, and workers — at the rate of 2.5 percent of the minimum wage.

2) Old age and unemployment, with a contribution of 4.5 percent, which would function as a reserve fund that would belong to each worker and would be deposited with an organization that would administer retirement funds, with the workers themselves helping to define and create the administering organization.

3) One and a half percent will be earmarked for the medical expenses of pension-holders. The state, through the IMSS, would make a direct contribution to the workers' old age and unemployment account of one peso per day, every single day of the year, throughout each IMSS member's active tenure as a worker.

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The IMSS director cautioned the legislators that if the proposed reforms are not approved soon, the IMSS could experience an irreversible crisis with a high social cost. He said that his proposal responds to the need for the IMSS to survive and to recover its organizational and financial well-being for the future.

Among other innovations, Borrego Estrada announced that a new family health insurance plan will be implemented on 1 January 1996 to further clean up IMSS finances; standards to execute the agreement on the refund of contributions [reversion de cuotas] will be implemented and many will no longer be made; and the doors will be opened in a gradual and social manner to unemployed workers who need protection and social security.

Borrego Estrada said that none of the proposals involve a loss of benefits to those who are actively contributing to the IMSS. The IMSS director spoke for over an hour and then the question-and-answer session began.

Shortly before Borrego Estrada took the stand in the sessions hall of the chamber of deputies, the deputies of the four congressional factions — headed by Alejandro Audri Sanchez of the Institutional Revolutionary Party who is the president of the Social Security Committee — reached an agreement to extend the period agreed upon to discuss and vote on the new social security bill. The deputies also said that they should hold a popular meeting to obtain the people's opinion.

Business Leader Wants Currency Speculators Punished

PA2411173695 Mexico City LA JORNADA in Spanish 21 Nov 95 p 50

[Report by Patricia Munoz Rios]

[FBIS Translated Text] Confederation of National Chambers of Commerce president German Gonzalez Quintero, said that those who are speculating against the Mexican peso should be punished for "betraying the fatherland." He said there is a "lack of political resolve" to identify the speculators, because it is not possible to take out of the country so much money without leaving traces of the purchases and sales of foreign currencies, all sorts of vouchers [preceding word published in English], and even banking operations.

Interviewed in his office, the business leader said that Mexico will be condemned to suffer waves of speculatory attacks to its monetary and financial market during the entire six-year period, and until the government decides to place entry and exit restrictions to these capitals.

In his opinion, those taking part in speculative operations are "politicians who feel they have a right to be in power" and who are not.

He stressed that it is quite obvious that there is a whole range of inside work being conducted to destabilize the country economically and politically, which is the work of political groups led by certain people whose names "can be guessed."

When asked if they are the Salinas followers he replied: "We cannot say the names."

[LA JORNADA] Do you suspect who..?

[Gonzalez] I would not like to get involved in mentioning names because direct accusations are also a crime if there is no evidence. I could not accuse anybody unless I had proof. But I would if I had it.

Nevertheless, he added, these are directed and intentional attacks in which both Mexicans as well as foreigners take part. They are aimed at attacking the economy and making the current administration look bad. Coincidentally, for every good announcement made by the administration there is a negative reaction by financial markets.

But because the movements are affecting all Mexicans and the entire country, those involved should be punished for "betraying the fatherland," since an entire country is hurt by personal interests or individual benefits. Even though this is not a common crime, this does not mean that the investigation can be cast aside. It must be clearly established who is behind all these movements and the full weight of the law be used to punish them, the entrepreneur said.

When this point was broached he was asked how are punishments to be established if no on can determine who the guilty are. He said it is difficult to identify the international groups that are participating in the speculation because Mexico has no exchange controls. Nevertheless, "the identity of the Mexicans who are making these transactions and who are behind these operations can be investigated."

The investigation that has not been started and would be needed to identify the speculators would mean combining the work of dependencies and authorities, because many types of investigations are needed, such as financial, penal, banking, and so forth.

Moving large amounts of foreign currency cannot be done without leaving a trail, because the money does not leave in suitcases and even though there are no currency exchange controls. There is documentation that allows these operations to be checked out, he said.

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In his opinion, it is contradictory that no entry or exit regulations are sought for volatile capitals, while at the same time returning Mexican capitals are punished. In other words, foreigners are allowed to take out or bring in capital indiscriminately, while Mexicans are sanctioned.

Unfortunately, he said, speculators have now learned the way, thus the country is condemned to suffer during the entire six-year period of these speculative waves to the currency, because volatile capitals travel where it best suits them.

Thus, speculation will be cyclical until regulations are implemented because one cannot forget that alongside the groups who try to destabilize the economy, there are the "pure speculators" who are the ones who follow market movements and take advantage of them to make money. This is more common and takes place all over the world.

Regarding the current attack against the peso, he said that "the worst is now over" because peso-dollar parity peaks have been reached, but it is essential that the Bank of Mexico intervene as many times as needed to control this wave and monetarily punish those who attempt to make a quick profit at the expense of national well-being.

Gonzalez Quintero explained that even if there had been a minimal regulation on the entry of these capitals to the country since the beginning of the year, there would not have been so many problems, the current wave would have been avoided, and the economy would not be so penalized.

What is most serious is that if a 7.5 or 7.6 peso-for-dollar parity is not reached, there will be price increases to most productive sectors, because there is practically no item that does not have foreign raw materials. On this point, he explained that the effect on prices will be according to the proportion of raw materials a product has because enterprises are in no condition to absorb cost increases.

Economic Proposal Document Endorsed by 300,000

PA2511012395 Mexico City Radio Red Network in Spanish 0000 GMT 23 Nov 95

[Report by Norma Vargas]

[FBIS Translated Text] For the first time in Mexico's history, more than 300,000 citizens have signed a document endorsing an economic proposal to overcome the crisis, according to Enrique Calderon, coordinator for Civic Alliance, one of the eight groups that organized a Referendum of Freedom, which for more than a month has been collecting firms for an economic growth plan with low inflation.

[Begin Calderon recording] The document, called Alternative Strategy for Mexico's Economic Development, is centered on three main topics. One has to do with the recovery of the market; the second one deals with the reactivation of the economy, and the third with foreign policy. [end recording] In a news conference, Calderon said that, according to Article 39 of the Constitution, the people have the right to modify or alter their form of government. Calderon invited the people to come over to any of the various collection sites and endorse with their signatures a document proposing a better economic solution. Calderon said that, up until Wednesday, more than 300,000 persons had signed the document which has 12 economic proposals. He added that the referendum will be closed next Monday in a national assembly to be held at Mexico Movie Theater in Mexico City. In addition, Jose Maria Imas, member of the metropolitan Barzon Movement, said that a specific proposal will come out of the referendum's assembly, which will be taken to the 4 December talks to be opened by the Barzon Movement and government authorities.

There have already been events similar to a referendum in Mexico City, such as the Zapatista consultation, which gathered more than a million signatures, as well as a poll of opinion on a possible trial of former president Salinas, a poll where 660,000 people answered in the affirmative to the suggestion of trying him.

Coparmex Says Better Prospects for Reactivation Needed

PA2411161195 Mexico City LA JORNADA in Spanish 21 Nov 95

[Report by Raul Llanos Samaniego]

[FBIS Translated Text] The Employers Confederation of the Mexican Republic (Coparmex) has warned that "for everybody's sake," it is critical to pave the way for better prospects of reactivation, growth, and development, as well as awakened trust among Mexicans because society has made extreme sacrifices in order to make the economic adjustments possible and preserve the peace."

In its official mouthpiece ENTORNO, the employer's association also affirmed that "there are people who insist on postponing or simulating the transition of the political system and the viability of the country," but yielding to those demands would result in affording those who are planning to weaken the system more opportunities to seize power.

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The PAGINA SIETE political analysis document, also published by Coparmex, states that "reforms during the administration of Carlos Salinas de Gortari and those of the current administration do not agree on the path that Mexico should take, due to internal struggles that are hampering the possibilities of reaching a national unity pact that will allow the recovery of political, economic, and social stability in Mexico."

According to Coparmex, Mexico's situation and society's perception of it demand further consideration in order to achieve stability and real state reform, and, thus, ensure the existence of a long-term policy and solid institutions.

The document stated that "we believe that a more committed promotion of a comprehensive state reform — called the transition of the Mexican political system by many analysts — is required because it is the key to political stability and economic recovery."

Coparmex stated that the following components of state reform must be addressed correctly and with urgency:

— Progress on the transformation of the fiscal system, effective deregulation, and radical streamlining of the government bureaucracy, in addition to stepping up the privatization process, modifying the economic chapter of the Constitution, and promoting investment and competition;

— Showing through constant and significant actions that there is progress on the existence of a state of law and the fight on impunity and corruption;

— An agreement among the political parties on the basic points for a competitive and equitable democratic system at the national, state, and municipal levels; there should be real progress on political, fiscal, and social federalism, and the reforms should include the widespread participation of citizens.

In that endeavor, Coparmex asserted, the government should find in society the irreplaceable support to embark on the transition of the Mexican state.

Coparmex assured that political change is an unheard-of experience in Mexico, so it is difficult to predict its reaches and realization time. Coparmex added that there also has to exist some common grounds for the change to begin and become viable such as political will among the opposition parties, the party or political force in power, as well as the current administration.

In its weekly PAGINA SIETE analysis Coparmex establishes that a central issue in the Mexican process is the "difficulty to objectively identify who the government reformists are and to what extent their proposal is viable, which is hampering the possibilities of reaching a national unity pact."

In addition, it stressed that the road toward a participative democracy is crossing a "difficult path," because, along with the progress on the political front, "there are also obscure incidents such as the ones of recent weeks, which demand a return to the already replaced models."

Government, Political Leaders Discuss State Reform

PA2611232195 Mexico City LA JORNADA in Spanish 22 Nov 95 p 8

[Article by Salvador Guerrero Chipres]

[FBIS Translated Text] Secretary of Government Emilio Chuayffet Chemor said that the Federal Government has agreed to share with political parties the responsibility for processing the proposals that are presented at the central table for the reform of the state. Chuayffet added that the government and the leaders of the political parties agreed that most of this work will be accomplished at the National Congress, and that they reached an "initial consensus" to get matters under way at 10 work tables.

The previous agenda, which was agreed upon in May and then interrupted in June, began to be implemented with a technical secretariat for the central table, headed by an under secretary of the government secretariat, and with the appointment — which was never made — of government secretariat officials to each and every one of the tables that will handle the topics of electoral reform, state reform, federalism, the media, and civilian organizations.

Chuayffet agreed to comment on some aspects of the two and a half-hour meeting with leaders Santiago Onate Laborde of the PRI [Institutional Revolutionary Party], Carlos Castillo Peraza of the PAN [National Action Party], and Porfirio Munoz Ledo of the PRD [Party of the Democratic Revolution].

At the meeting, which was held in Chuayffet's office, the participants reached agreements "that will greatly facilitate all of the mechanisms, so that the topics involved in the reform of the state can be discussed broadly and with respect by all of the country's political currents."

Although Chuayffet and the party leaders offered to provide details of the advances made during the meeting in the Bucareli building, the ensuing news bulletin simply said that, at the meeting, which was held almost one month after the national dialogue was formally resumed, they discussed topics "regarding

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work methods, ways to achieve coordination between the various bodies, and the link between the central table and the work of the two congressional chambers."

The government secretariat has announced that a document will be drafted to summarize the proposals and to serve as a basis so that at a later date Chuayffet, the leaders of the parties, and the coordinators of the congressional factions can analyze the topics on the agenda and reach agreements regarding priorities and work schedules.

According to PRI national leader Santiago Onate Laborde, "the meeting resulted in a substantial advance" on which he did not elaborate, although he mentioned "a precise agenda," encompassing the chapters of and the topics on the agenda. Onate estimated that part of the reform, the part that pertains to electoral matters, will be ready in April. He said: "We agreed to continue advancing in democracy."

PAN leader Carlos Castillo Peraza said that the advance made was "very positive." He declined to comment on the political alliance convoked by President Ernesto Zedillo in the 20 November message from the secretary of government and, like the other leaders, said that only the government secretariat will report on any advances made.

PRD leader Porfirio Munoz Ledo said "there is already a basic agreement" among the three main parties to the effect that the Congress of the Union will be the only institution to define the terms under which the economic and social problems will be discussed.

He said the Harmony and Peace Commission (Cocopa) has already proposed an agenda dealing with economic and social reform, and it has been adopted in principle by all the legislative factions.

Regarding the proposal to review the economic policy, which was initially presented by the PRD Political Council, the PRD leader indicated there is no opposition to the idea that "there will be no political reform if there is no solution to the economic problems, because the people are not going to believe us."

"Hunger is going to win over politics; we are headed toward an economic disaster," Munoz Ledo warned.

Among the tables to be installed, he stressed the topics of electoral reform, security, justice, current problems — he spoke of a "table on current issues" for pending and emergency problems, among which he mentioned those in Guerrero and Tabasco — federalism, the media, participation of citizens, and indigenous peoples.

He added that the parties must still be consulted on the way to resolve the disagreements that have emerged and how to reach agreements.

There is an aspect about which there is dispute and for us it is the most important aspect: The discussion of the economic and social problems of the Mexican Republic, Munoz Ledo said.

A new meeting might be held next week: "We agreed the dialogue will not be broken; that is the reason for the table on current issues," the PRD leader said.

Political Dialogue To Include EZLN Proposals

PA2511041195 Mexico City NOTIMEX in Spanish 1632 GMT 24 Nov 95

[FBIS Translated Text] Mexico City, 24 Nov (NOTIMEX) — Legislator Fernando Prez Noriega, member of the Harmony and Peace Commission (Cocopa), today stated that the Zapatist National Liberation Army's (EZLN) political proposals will be included in the national political dialogue.

At the conclusion of a meeting with senators and deputies who make up the commission, Prez said that the rebels' proposals will be discussed as much as those submitted by other social and political organizations.

Prez made clear that the government's commitment to the EZLN, which operates in Chiapas State since 1 January 1994, is undeniable and it is free to submit its proposals and even its objections. They will be given the same consideration as those of other organizations.

Cocopa spokesman Juan Carlos Gomez Aranda, a senior official from Chiapas, reported that the rebels have asked for the commission's cooperation in organizing a forum on Indian rights.

The forum will be held from 3 to 8 January 1996 in Chiapas and will parallel the round of talks between the EZLN and the government, who are seeking a peaceful solution to the conflict in that state.

Gomez stated that the EZLN has asked Cocopa to coordinate the aspects dealing with logistics and medical services and serve as a communications bridge with the Army to ask them to establish a security cordon so the safety of the people attending the forum may be guaranteed.

Roundup of Economic Developments Through 27 Nov

PA2711231095

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 27 Nov 95.

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According to an item datelined in Mexico City on 20 November, Mexico attained an $830 million surplus in its commercial balance in October and a $6.231 billion surplus in the first 10 months of the year. This favorable balance stands sharply in contrast with the $1.634 billion deficit in the same period of time of 1994. In addition, the October surplus contrasts with the $15.276 deficit accrued until October last year. Also, the finance secretariat reports that exports of goods reached a record $7.54 billion despite the drop in oil exports. (Mexico City NOTIMEX in Spanish 2118 GMT 20 Nov 95)

Mexican Petroleum Co. has reported that sales of aviation fuel registered 44,800 daily barrels between January and September 1995, and that this figure represents a 50.7-percent increase over the same period of time last year. In addition, the Federal Electricity Commission has endorsed a coal price increase to encourage small- and medium-scale producers. (Mexico City LA JORNADA in Spanish 21 Nov 95 p 51)

According to the Association of the Mexican Automotive Industry, only 765,373 cars were manufactured so far this year, a figure which represents a 15.6-percent decrease with respect to the same period of time last year. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 21 Nov 95 p 14A)

According to Juanita Pilar Ochoa, investigator of the National Autonomous University of Mexico's School of Economy, the difference between the unemployment rates reported by the National Institute of Statistics, Geography, and Information Science and the country's productive sectors area is a clear indication that the situation is out of control, makes it difficult to estimate its magnitude, and reveals the government's ill-intention to conceal the truth about unemployment in the country. (Mexico City EL FINANCIERO in Spanish 21 Nov 95 p 26)

Although in theory Mexico, in the framework of NAFTA, rejected the proposal of ensuring the supply of oil for the United States, in practice the sales of oil to this country amount to nearly 80 percent. In the past five years, the sales of oil to the United States increased from 59 to 76.2 percent. In addition, the sales of oil to the European Union over the same period of time dropped by nearly 50 percent. (Mexico City EL FINANCIERO in Spanish 21 Nov 95 p 24)

According to a Mexico City, 21 November datelined item, the Bank of Mexico (Banxico) has announced that interest rates on 28- and 91-day federal Treasury Certificates (Cetes) decreased considerably during the weekly auction. The rate on 28-day Cetes decreased 5.25 percent on its annual yield and in comparison to the previous week, ending up at 54.74 percent. The rates on 91—day Cetes decreased by 9.43 percent in comparison to last week and their annual yield is 55.60 percent. (Mexico City NOTIMEX in Spanish 0218 GMT 22 Nov 95)

At the France 2000 exhibit in Mexico, Yves Galland, France's acting minister of finance and foreign trade, held a news conference during which he spoke of France's plans to invest in the privatization of Mexico's railroads, petrochemicals, water treatment, electricity plants, and telecommunications plants. Galland said that over the past year France has increased its investments in Mexico by $2 billion. He added that Mexico has increased its exports to France by 30 percent over the past year, a favorable sign for the Mexican economy. (Mexico City XEW Television Network in Spanish 0400 GMT 22 Nov 95)

The estimated $5 billion in fresh capital that is expected to enter Mexico in 1996 will depend on the reversal of the three elements which, during 1995, decreased the country's income: The economic model's lack of credibility, the banks' weak position, and the uncertainty of the financial markets. It will also be necessary to dissipate doubts concerning growth and inflation goals, which in 1995 hindered direct foreign investment. Direct U.S. investment in Mexico decreased in 1995, but that nation is still Mexico's main source of foreign investment. (Mexico City EL FINANCIERO in Spanish 22 Nov 95)

Grupo Acerero del Norte reports that Mexican Steel Mills, Inc. (AHMSA) is exporting so much product that it has had to open permanent offices at the Brownsville, Texas port of entry. Most of AHMSA's exports come out of Tampico, which in 1995 has handled 370,000 tons or 60 percent of its steel exports between January and July. (Mexico City EL FINANCIERO in Spanish 22 Nov 95)

Fernando Solis Soberon, general director of Consar (National Commission of the Retirement Savings System), says that during the first eight months of 1995 the resources collected by the Retirement Savings System (SAR) amounted to 41.371 billion new pesos, the equivalent of 5 percent of the GDP. Solis said that if Mexico is to stop depending on foreign capital, it must save $48 billion in 1995. The SAR is developing toward a second phase in which it will form investment associations that specialize in the management of resources for the retirement sub-account. Solis said that the interesting thing about the system is that "the workers' savings do not lose their value because they are adjusted to inflation, and the interest paid by the government is on already

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adjusted balances." (Mexico City EL FINANCIERO in Spanish 22 Nov 95)

The National Institute of Statistics, Geography, and Information Science, INEGI, released the latest figures showing that retail sales declined by 20.6 percent during the January-December period. The most significant decline took place in automobile agencies, clothing and shoe stores, stationery stores, bookstores, furniture stores, record stores, construction materials stores, hardware stores and toy stores. Unemployment grew 11.3 percent in retail outlets and 8.9 percent in wholesale outlets. (Mexico City EL FINANCIERO in Spanish 22 Nov 95 p 22)

Confederation of Mexican Worker Leader Fidel Velasquez has said that salaries have deteriorated 70 percent and are getting worse as prices increase and the peso devaluates. Worker's Congress President Rafael Rivapalacio said he will ask that the price of 15 basic family basket articles be frozen during the next Alliance for Economic Recovery meeting. According to a Mexican Workers University study, the family basket has increased 63.92 percent since December. (Mexico City LA JORNADA in Spanish 22 Nov 95 p 20)

Finance Secretariat officials agreed to increase the federal allotments to states and municipalities by approximately 4.5 billion new pesos. As a result, the 1996 budget will increase from 68.5 billion new pesos to approximately 73 billion new pesos. The Finance Committee of the Chamber of Deputies said that states and municipalities may impose additional taxes on the use of automobiles beginning 1997 to generate more income. The Gross Domestic Product (GDP) share of states and municipalities was increased to 1.5 percent of GDP resulting from an increase in taxes on tobacco and beer. October's reported unemployment rate reached 6.8 percent. (Mexico City EL FINANCIERO in Spanish 22 Nov 95 p 6)

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Guatemala

Congress Cuts Military Commissioner Position

PA2511010695 Guatemala City PRENSA LIBRE in Spanish 23 Nov 95 p 4

[FBIS Translated Text] The legislative branch, in its plenary session yesterday, reformed the Army Constituent Law and, at the express request of the president of the Republic, eliminated the figure of the military commissioner.

The congressmen considered that the elimination of the military commissioners through the reforms to Articles 6 and 92 of Decree 72-90 of the Army Constituent Law, will complement the president of the Republic's public commitment to demobilize the military commissioners by 15 September [month as published] 1995 at the latest.

Furthermore, the congressmen observed that the figure of the military commissioners has been questioned by independent human rights experts from the United Nations, who have recommended that they be demobilized. Thus, the congressmen consider it appropriate to comply with the request, as it will be another measure to strengthen the decision to have absolute respect for human rights in the country.

However, out of a total of 48 congressmen who attended the plenary session, three voted against it. They are: Juan Daniel Cifuentes and Napoleon Morales of Huehuetenango and Suchitepequez respectively, from the National Liberation Movement, MLN, and Remberto Vasquez of Jutiapa for the National Union of the Center, UCN.

Cifuentes justified his vote by saying that *not all the commissioners are criminals and their work is important to counter violence, insurrection, and drug trafficking. Furthermore, I am sure all those who voted in favor do not know the work the commissioners do.*

Congressman Juan Francisco Reyes Lopez also explained his vote and stated that *hopefully, — just as it eliminated the figure of military commissioner with integrity, courage, and decision — this Congress or the next will take a stand to change the presidential command staff and get it to act as the president of the Republic's aide-de-camp, and not work in activities that are not included in its duties.*

Honduras

Paper: Officers Afraid of CIA Plot To Kill

PA2811022695 Tegucigalpa EL NUEVO DIA in Spanish 24 Nov 95 p 9A

[From the "Reflection" column by Guillermo Pagan S.: "CIA"]

[FBIS Translated Text] EL NUEVO DIA has recently published a report indicating that many Army officers who were allegedly involved in presumed antisubversive operations in Central America during the 1980's are afraid the CIA could be plotting to kill them.

Probably, the operations by the U.S. espionage agency would be aimed at preventing many military officers who collaborated in covert operations that are not common knowledge from revealing — once the information is declassified — names that would help clarify many of the cases involving missing persons and actions of another sort.

The newspaper disclosed that 13 landing strips for passenger and cargo aircraft, including Hercules C-30, C-141, and Galaxy C-5, were built through the joint operations Ahuas Taras, Pino Alto, and Fuertes Caminos. Little is known about these landing strips, which could be used for commercial and government actions.

The CIA is going through one of its worst moments because it has been implicated in disappearances and assassinations as it happened in Guatemala, and its effectiveness is being questioned because it has been unable to predict attacks such as the one on the U.S. Embassy in Saudi Arabia.

However, the attacks on the Honduran military would be another awkward move because the names of the CIA gringos who were in charge of the covert operations are kept in special files, and they would be disclosed as soon as the first attack takes place, putting them in a more precarious situation.

Nevertheless, since the news has spread, some radical person could take advantage of the situation and plan an armed action against the Honduran officers, since the CIA would be readily identified as the culprit.

The U.S. Embassy exerts influence in the country and the CIA is not far behind. The CIA is not only capable of physically eliminating people, but it can also discredit them by concocting stories to undermine the reputation and trustworthiness of both individuals and corporations.

In some of the arrests involving public officials, they could become the victims of these schemes because of

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their ties with the moderate left or simply, because they do not support U.S. plans and its Latin American policy.

Nicaragua

Army Chief Vows To Protect Telcor Assets From Sabotage

PA2811034995 Managua LA PRENSA in Spanish 26 Nov 95 pp 1, 10

[Report by Ernesto Garcia — all quotation marks as published]

[FBIS Translated Text] Armed Forces Chief General Joaquin Cuadra Lacayo warned the leaders of the Telcor [Nicaraguan Telecommunications and Postal Services Institute] "Enrique Schmidt" Workers Federation that he will not allow any sabotage against the telecommunications equipment owned by this state agency.

The military chief's warning, which came following a meeting with Supreme Electoral Council (CSE) authorities, was aimed at those Telcor union leaders who have expressed their opposition to the sale and privatization of 40 percent of this institution's shares.

"There are several vital points of the country's telecommunications system which it is our, as well as the police's, duty to protect at any cost from sabotage activities," the military chief stressed.

"We will not allow any sabotage to irresponsibly leave the population cut off from the rest of world, Gen. Joaquin Cuadra Lacayo pointed out after explaining that the safeguarding of Telcor land stations has nothing to do with whatever position the Armed Forces may have adopted with respect to the privatization of the institution.

Cuadra Lacayo indicated that it is the obligation of the Army and police to protect Telcor's physical installations just as they would safeguard any other state institution.

Gen. Joaquin Cuadra Lacayo downplayed the strike called by Telcor workers by stating that it is something normal in a country such as Nicaragua where some sectors are opposed to the approval of laws privatizing public sector property.

The Army chief added that as long as the telecommunications workers protest remains peaceful and within the framework of the law, the country will continue living a state of "normalcy."

In reference to the request made by the Supreme Electoral Council [CSE] for support during the coming 1996 general elections, the military chief said that Armed Forces he heads will need 20 million cordobas in order to carry out the task requested.

On the other hand, CSE President Mariano Fiallos expressed his optimism with respect to the likelihood that the parliamentarians will approve the amount requested by the Armed Forces in order to guarantee voters protection in those rural areas still subject to violence on account of armed groups and criminal gangs operation in the region.

Fiallos stated his optimism that the next general elections scheduled to take place on the third Sunday of October 1996, will take place without any violence.

Panama

University Students Announce Picket of U.S. Embassy

PA2811014195 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Nov 95

[Report by Alexander Calderon at the University of Panama in Panama City; from the "RPC Television News" — passages within quotation marks recorded]

[FBIS Translated Text] The University Students' Movement has announced a series of measures against the possibly exploratory talks between the United States and Panama, salary increases to the ministers of state, and the minimum wage approved by the government.

[Unidentified female student] "There will be a picket line in front of the U.S. Embassy at 1000 on 29 November. Second, a large scale march toward the presidency of the Republic, starting from the Humanities Faculty's yard, on 30 November."

The students also denounced the expulsion of 12 students who participated in recent demonstrations at the University of Panama. This was also rejected by the Revolutionary Students Front, FER-29, which threatened with the adoption of violent protests against the measure.

[FER leader Mauricio Salinas] "We do not even rule out the possibility of taking to the streets because we are sick and tired of measures, which now punish our comrades, that are actually political in nature rather than disciplinary."

Nevertheless, the University Academic Council indicates there is evidence which links the students with actions of vandalism that were carried out in the university demonstrations.

[Arts Faculty member Nestor Castillero] "Three administrative members of the faculty and one student were attacked by an angry mob. Several persons were identified as it is testified in the appropriate documents. Those three administrative members and that student

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were attacked with sticks, blunt objects, rocks, and cement blocks which caused them multiple injuries and various bruises, as it is asserted in the forensic reports."

[Medicine Faculty member Enero Aviles] "[Female students] were threatened because they wanted to enter the university and the protesters apparently did not want the students to enter. In fact, gasoline was sloshed under the cars to set them afire. When a male student saw the situation with his comrades he went to defend them. He was attacked and his head wounds had to be stitched up given the injuries he sustained."

[University President Gustavo Garcia de Paredes] "Imagine a university without control and with total disrespect, without any control whatsoever, where any group can do what it wants at any given moment. Seventeen persons can paralyze all the activities and this costs the country $150,000 or $200,000 a day, simply because a group of 17 persons decided to paralyze all operations."

The students held a rally in front of the University of Panama's rectorship. Nevertheless, the authorities asserted that the students' expulsion stays. University authorities have been quite clear: They will not allow new actions which affect the University of Panama's image. Referring to this, they are studying possible sanctions against students of the Faculty of Public Administration who reportedly participated in actions of vandalism during the students' demonstrations.

Former Officials Interviewed on Bases Talks

PA2411184495 Panama City Circuito RPC Television in Spanish 1245 GMT 24 Nov 95

[Interview with Fernando Manfredo, former Panamanian deputy administrator of the Panama Canal, and former Foreign Minister Jose Raul Mulino by Hugo Enrique Famania; from the "Waking up with the news" newscast — live]

[FBIS Translated Text] [Famania] The suspension of the exploratory talks on the possible negotiation of U.S. military bases in Panama is the topic of our first interview this morning. Here with us today is Fernando Manfredo. He is heading the commission in charge of organizing the Panama Canal Congress. Also with us is former Foreign Minister Jose Raul Mulino. Gentlemen, good morning and thank you for being with us this morning. Mr. Mulino, let us start with you. Will this suspension benefit us or hurt us as a country?

[Mulino] I believe that what has happened and the decision made by both countries is of a relative benefit. I say it will bring us a relative benefit because it will allow Panamanians to initiate a true process of consultation and opinion regarding a topic that concerns all of us, not just the government.

[Famania] The consultations and debates held were not enough?

[Mulino] What consultation and what debate? My concern was that on 30 November and 1 December, the government — which has the unquestionable right to negotiate or to hold talks and guide the country's foreign policy — would be going to Washington with a position that could be interpreted, from the Panamanian point of view, as the exclusive position of the government.

I do not think that Panamanian society, through its various groups and representatives, was consulted. I believe that now there seems to be the political sincerity to seek that consultation, to seek a position before holding talks with our U.S. counterparts based on a minimum of Panamanian consensus if the opportunity comes up. This consensus should be a position expressed by Panamanian society as a whole over a topic that belongs to us, to all.

[Famania] If the opportunity arises, while we wait for this occasion, if it arises at all, what must we do? There are many areas that must be turned over to Panama and Panama must decide what to do with them. How does this affect us, Mr. Manfredo?

[Manfredo] I agree with Jose Raul that an opportunity has been opened up to achieve a consensus with our civilian and political society. It is also an opportunity for us to conduct an analysis of the things, of the benefits Panama could draw from a U.S. presence in this country. What is the economic value of the military bases? What is the commercial value of the bases? We must determine this, we must conduct a cost-benefit study to see if the U.S. proposal really benefits Panama.

[Famania] I am going to interpret what you are saying. Here we must decide if it is more advisable to use the bases in the reverted areas and develop them or conduct some type of transaction with the United States?

[Manfredo] If the military bases are negotiated, the Panamanian economy should receive revenues that are no less than 10 percent of the commercial value of the lands. Secondly, in my opinion, there should be at least one permanent job for every hectare of land with an infrastructure.

[Famania] Considering the U.S. foreign policy on this matter, considering that the United States is entering a political stage, would they be willing to give up something to Panama in this field, something like what Mr. Manfredo is talking about?

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[Mulino] It is a delicate moment for us. The topic of the negotiations with Panama is insignificant in the United States, but for us it is something of vital importance to define our future and to determine what to do with the properties that will be turned over to Panama for the first time in the history of the Republic of Panama. Secondly, I have also heard with great concern, proposals from our country's business leaders that are not very realistic in the sense that they believe that to sit down at a negotiation table to ask for free trade or preferential treatment is something the United States can do by breaking its mechanisms of trade negotiations for the benefit of Panama simply because we are good friends.

[Famania] There cannot be exceptions?

[Mulino] I do not think the United States is currently in a position to make exceptions or to grant preferential treatment or free trade benefits by breaking rules or requirements needed by all countries wishing to negotiate a free trade agreement. Panama is far from fulfilling these requirements. I always use the following example: Chilean Foreign Minister Jose Miguel Insulza said in an official visit to London about a month ago that Chile's admission into the NAFTA has been delayed, not because of negotiation problems, but because of internal political problems in the United States that do not allow the President to negotiate through fast track means. We are talking about a country such as Chile that is completely open and is a great competitor.

[Famania] What criteria should Panama have as a country? It is being said that the suspension period will not be short, that we must wait, and let the bases...

[Manfredo, interrupting] What the United States can accept or not, what Panama can offer or not is irrelevant. If an attractive proposal were made by the United States, that would be wonderful. What we cannot do is stop what we are doing as far as the planning and use of the areas about to be reverted are concerned, to wait for the results of this type of conversations, because we have fallen behind. Let me add something. I do believe there is room for some type of negotiation with the United States that can allow us to use the military bases that will be transferred to Panama before 1999. In order for us to use these areas, we will need a certain infrastructure. If we could share the use of those bases between now and 1999, I believe it would be a benefit for Panama. Of course we would have to give up something in return, but these are the types of negotiations that Panama could carry out with the United States for the benefit of Panama.

[Famania] What do you think about this?

[Mulino] It is interesting, but it does not relieve us of our responsibility. We hope for something that is more unreal than specific and believe that our problem as a country, as far as the canal and the interoceanic region are concerned, will be resolved through bilateral relations. The future is ours and that is our only responsibility. I believe the country must be clear on that. We cannot fall for the illusion that the United State will resolve our problems. When are we going to grow up as a country? This is the moment. The talks have been suspended for many, not for me. It was perhaps like cold water, but I believe it is a great opportunity to define ourselves and as Fernando said, we must start drafting our strategies with or without a negotiation. We agree with the idea that we should share those defense sites so that we do not have to reach the year 2000 and start from scratch and start to figure out what we can do and what we cannot do with the bases.

[Famania] Let us make a political analysis. There are those who say that another government balloon has been blown out. There are others who say that the statements made by the opposition that everything was said and done and that also another balloon that has been blown out.

[Manfredo] Personally, I believe we have all started breathing again. The fact that the government is thinking about the gradual discussion of this topic that is so delicate, as Jose Raul said, is good. Personally, I was concerned that we were taking actions under pressures without bearing in mind all the implications of this type of activity.

[Famania] In the future, how will Panama establish a position as a country, as a nation, with regard to the United States?

[Mulino] First of all, by finding out what we Panamanians want and what we can do. I believe that a fundamental and basic step has not been taken yet.

[Famania] Gentlemen, thank you for your statements this morning.

President Informs PDC on Suspension of Exploratory Talks

PA2411201795 Panama City Telemetro Television Network in Spanish 1730 GMT 24 Nov 95

[Report by Jose Ivan Ramos; from the "Telemetro Reports" newscast]

[FBIS Translated Text] President Ernesto Perez Balladares has informed the Christian Democratic Party [PDC], opposition party, about the suspension of exploratory talks on the issue of the military bases. While

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praising this gesture from the president, the PDC president stated this does not represent a truce between the opposition and government.

The leadership of the PDC met with President Ernesto Perez Balladares. According to PDC president Ruben Arosemena, the issue was the suspension of exploratory talks with the United States about the military bases. The opposition leader praised the fact the executive informed the PDC about this issue of national importance.

[Begin recording] [Arosemena] The president of the Republic and particularly the foreign minister have deemed it important to take into account the opinions of all political sectors of the country. We welcome this initiative because it is correct and it is the right thing to do. This is what should have been done from the beginning.

According to Arosemena, other issues of national interest were also discussed at the meeting.

[Arosemena] We also took this opportunity to tell the president to reconsider the ministers' salary increase because we believe it is important to promote an atmosphere of national unity in the face of the important decisions that must be made.

However, Arosemena added the president said he will maintain his decision on the ministers' salary hike.

Regarding the political significance of this meeting, the opposition leader concluded:

[Arosemena] This does not mean that the president is declaring a truce, or that the opposition is declaring a truce. This means that there are issues of national interests, where we should ignore political differences and place ourselves above them. [end recording]

Opposition Legislators React To Suspension of Talks

PA2311211595 Panama City Circuito RPC Television in Spanish 1730 GMT 23 Nov 95

[Report by Luis Polo Roa; from the "Midday Television News" newscast]

[FBIS Translated Text] Several reactions were heard at the Legislative Assembly by opposition legislators after learning of the suspension of the talks on the military bases.

The legislators said the decision was a positive one because they believe the government should have initially consulted the Panamanian Government before initiating any conversation with the United States.

[Begin recording] [Christian Democratic Party Legislator Ruben Arosemena] The country should have been consulted. More information is required. A decision cannot be made based on speculations and uncertain situations. Panamanians do not know what the United States is willing to offer in exchange for what and at what cost.

[Arnulfista Party Legislator Alfredo Arias] Even moderate groups within the PRD [Democratic Revolutionary Party] are questioning the current government in this. I believe this is one of the reasons why the negotiations were postponed. I believe it was a good decision to do this because before going any further, we should find out what the Panamanian people want.

[Legislator Arturo Vallarino from the Nationalist Liberal Republican Movement] It is not surprising for us to start hearing about delays and postponements of talks because there is no reason to hold exploratory talks when this is not part of our Panamanian history, let alone when Panamanians have not even been informed about the Panamanian Government's proposal to the U.S. Government.

[Papa Egoro Movement Legislator Gloria Young] We congratulate the foreign minister, we congratulate the government for the decision they have made. I must add something. It is a shame that this decision was made by the government precisely after the U.S. ambassador said he was not interested in the talks. That says a little about the low political self-esteem that government officials have in Panama.

Despite these opinions, the legislators said they are willing to cooperate with the government in studying possible talks on the bases if that is what the president wants.

[Arosemena] Depending on what the intentions on the matter are, we would then decide whether we want to proceed with the talks or not.

[Arias] The government must talk to the Pananamian people and find out what their opinion is.

[Vallarino] I believe the president made a mistake in consulting only one political party and not taking the other parties into consideration. If he had made a call on all political forces in this country, we would have reflected on the matter and we would have gone out to talk with the government.

[Young] Next time, before making a decision just because the United States says one thing, we are going to make our decision out of our own convenience. [end recording]

In this regard, RPC Television was able to learn that Foreign Minister Gabriel Lewis Galindo believes the suspension of the talks will continue until the country's

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conditions are the proper ones and the United States calls for the talks first. Otherwise, the talks would not be held.

Organizations Reject Exploratory Talks To Extend Bases

PA2811015695 Panama City LA ESTRELLA DE PANAMA in Spanish 26 Nov 95 p A1

[Report by A. Sanchez Balisle]

[FBIS Translated Text] Matio Ponce, spokesman for the Humanist Movement of Panama stated yesterday that the properties and infrastructure that revert to Panama by virtue of the Torrijos-Carter treaties must be developed as trade, tourism, educational, and social development centers.

"We must solve part of this country's fundamental problems, such as its high unemployment, through the adequate utilization of all the infrastructure," Ponce pointed out.

The Humanist Movement is one of 10 organizations in the country that have joined forces to reject the exploratory talks between the United States and Panama aimed at assessing the possible extending the presence of U.S. military troops along the banks of the interoceanic canal.

According to Ponce, the population is well aware of the relation between both countries and somehow seem to perceive "that not everything the government says is clear."

He agreed with those political sectors that have urged the Panamanian Government to organize a referendum so that all sectors can speak out on the convenience or not of continuing with the military bases in the country.

Some of the organizations that support the Humanist Movement position include the People's Coordinating Board for Human Rights in Panama (COPODEHUPA), and the Single National Union of Construction and Related Workers (SUNTRACS).

For the moment, the exploratory talks have been suspended because of the position adopted by the United States of refusing to pay a lease for the military bases in Panamanian territory.

Editorial: 'Premature' To Initiate Talks on Bases

PA2411191195 Panama City LA PRENSA in Spanish 23 Nov 95 p A1

["As of Today" editorial]

[FBIS Translated Text] The "exploratory" talks on the possible permanence of one or more military bases in Panama is an extremely delicate issue. The United States, with a Democratic Party government in which James Carter has a great deal of influence, is afraid such talks will be interpreted as a subterfuge not to comply with the Torrijos-Carter Treaties. And, as if this were not enough, with the collapse of the Soviet Union, the United States has initiated a drastic program to reduce its military expenditures, a program that will have unforeseeable consequences, even for U.S. politicians and military personnel. Why does the U.S. Army need bases in Panama? It still does not know and neither does the Panamanian Government. Given this situation, it is premature to initiate talks on the topic and much less to negotiate something that neither of the two parties knows will interest the other or not. Too many problems are troubling public life to add yet another item to the already long list of causes that prompt daily protest from students, workers, and citizens from all walks in life. Due to all this, caution recommends that the talks on the topic be postponed, as has been announced by the representatives of the two governments. When they do start, if they are held after all, there will be much more and better elements with which to judge the issue. It will be much clearer to see what each country wants and is willing to offer to obtain it.

Deputy Minister Confirms World Bank To Disburse Loan

PA2211155095 Panama City EL SIGLO in Spanish 21 Nov 95 p 14

[By Yuriela Sagel]

[FBIS Translated Text] Carlos Vallarino, deputy planning and economic policy minister, explained yesterday that although the World Bank had withheld a loan worth more than 125 million balboas from the previous administration because it failed to carry out a number of social reforms, the World Bank will soon disburse the loan in light of the current administration's responsible actions. Vallarino said that although the World Bank initially withheld the funds as a way of penalizing Guillermo Endara's administration for not carrying out a number of social and economic reforms, the World Bank has promised to disburse the funds soon in light of the fact that Ernesto Perez Balladares' administration has implemented the economic plan that international organizations have set. Vallarino said that the government is taking measures that financial organizations have recommended, including freezing the government payroll and implementing economic and social reforms within a set period. The deputy minister explained that although the economic plan includes a "freeze on the payroll," this does not mean that there will be government layoffs. He added that the measures also include not replac-

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ing retiring employees, not filling job vacancies, and reorganizing job assignments so that new personnel will not have to be hired. The privatization process will also continue, to improve the productivity of some public institutions that must be modernized. The government has asked the IMF for a 16-month stand-by agreement for 69.8 million balboas in Special Drawing Rights, 46.7 percent of Panama's annual base. With the cooperation of the Inter-American Development Bank, the Panamanian banking system is also undergoing reforms with the intention of overhauling the banking law and modernizing the regulations that rule the Panamanian stock exchange. Unofficial sources have said that the World Bank has only disbursed about 50 million balboas of the budgeted 130 million balboas and has threatened the Perez Balladares administration with retaining the other 79.5 million balboas if the reforms are not carried out.

Letter of Intent on IMF Standby Accord

PA2511002895 Panama City LA PRENSA in Spanish 20 Nov 95 pp 3D, 4D

[FBIS Translated Text]

Request by the Republic of Panama to the International Monetary Fund Within the Framework of the Program to Refinance the Foreign Debt

The national government informs all citizens regarding the contents of the Letter of Intent of the recent Contingency or Standby Agreement reached with the International Monetary Fund [IMF], which should be officially approved by the IMF Board of Directors in late November.

This document, duly approved by the Cabinet Council during a session on 8 November 1995, summarizes the guidelines, objectives, and actions regarding economic policy which the Government agreed to with the IMF to maintain a short-term, stable, fiscal position and establish a base for sustained medium-range economic growth within the context of social equity, as established by the Program for Public Policy for Integral Development.

In addition, this important agreement will support actions taken by the national government in its efforts to refinance the foreign debt and interests with the commercial banks. This will complete the process of normalization of relations with the international financial community, which will represent for the country a more suitable climate for fostering private investments, which will contribute to solve the important challenges to be faced in the social development of Panama. (signed) Guillermo O. Chapman, Jr. Minister of Planning and Economic Policy Panama, 7 November 1995 Mr. Michel Camdessus Managing Director International Monetary Fund 700 19th Street, N.W. Washington, D. C. 20431

Dear Mr. Camdessus:

1. Following a period of political instability and severe economic contraction between the years 1988-89, the Panamanian Government reoriented its economic policy toward the opening of the market to foreign competition and restoring financial stability. Public finances were strengthened substantially, the general balance [in base devengada] went from a deficit of 11.3 percent in GDP [Gross Domestic Product] in 1989 to a surplus of 0.3 percent in GDP in 1994. Progress was also achieved in reducing price controls and international trade barriers. The adjustment efforts were assisted by the lifting of economic sanctions and a large influx of economic aid which allowed Panama to normalize its relationship with multilateral institutions, the Paris Club, and other foreign lenders, and to enter negotiations to refinance its debt with its business creditors, and with Mexico and Venezuela. The reestablishment of confidence encouraged the flow of large amounts of capital which helped sustain a rapid growth in private investment and spending. As a result, the Panamanian economy began a period of strong recovery. However, because the existing severe distortions were not eliminated, there was no foundation for sustained and satisfactory growth.

2. Real GPD grew an average of 9 percent per year between 1991 and 1992, 5.6 percent in 1993, and 4.7 percent in 1994. Growth was particularly significant in the construction, Colon Free Zone, and financial services sectors. The unemployment rate fell from more than 20 percent in 1990 to 14 percent in 1994, but still remains higher than the unemployment level before 1987. The inflation rate has remained under 2 percent per year during recent years.

3. With economic recovery virtually at an end, the perspectives for reducing the continuing high unemployment rate and widespread poverty are not promising, unless the reforms are able to successfully overcome all obstacles allowing an efficient use of resources and the resurgence the a dynamic private sector. The economy is ill-prepared to face the challenges and opportunities which have arisen due to technological changes and liberization of finances and international trade, and integration of the canal areas, which are reverting to Panama. Economic distortions persists because of the prevailing system of regulations and state intervention which prohibits the mobility of certain factions, imposes high productions costs, and generally tends to foster inefficient production and the search for monopolistic

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benefits. Certain sectors, principally the agricultural and industrial sectors, continue to be protected from international competition through high and discriminatory import tariffs and quotas, while a number of incentives erode the tax base. Despite recent progress, the public sector continues to be extensive and inefficient, and the unfavorable system is incapable of generating the necessary resources to modernize the Panamanian infrastructure.

I. Medium Range Objectives and Strategy

4. The administration which took power in September 1994 has given priority to the establishment of a solid base for the sustained growth of income per capita within the context of low inflation rate and a viable external position. Its medium-range economic program seeks to stimulate private investment by reducing production costs through changes in the public sector [including privatization], and the liberization of prices, international trade, and the labor market. The program recognizes that the goal to increase investments has to be supported by an increase in domestic savings, including saving by the public sector. The policies of the public sector are aimed at reducing its levels of operation, increasing its efficiency, and refinancing the foreign debt so that medium-range fiscal and external viability can be achieved. The program emphasizes a careful sequence of steps of reforms in the public sector, the process of liberalization, and preparation of institutional changes in other sectors, including social security and the financial system, to avoid any economic sector from enduring disproportionate effects during the transition. The government also stresses the importance of reducing poverty by redirecting spending to the poor, while lending support to those affected by the process of change during the transition. In addition, it seeks to guarantee that development is not achieved at the expense of the environment.

5. In summary, the macroeconomic goals of the economic program consist of establishing the bases for attaining better rates of growth that will be maintained in the medium term, while low inflation rates are maintained. An important aspect in the strengthening of the country's position abroad is a reduction of the debt and its service to an important portion of the public sector's external debt (equivalent to 70 percent of the GDP or 213 percent of the public sector's income in 1994), and to consolidate public finances. The overall fiscal balance of the nonfinancial public sector should not exceed a 0.6 percent deficit in 1995 and it should become a 0.4-percent surplus of the GDP in 1996, while the Central Government reduces its deficit from 2.8 percent of the GDP in 1995 to 0.8 percent in 1996. The public sector's reforms in 1995-96 are designed to establish the groundwork for a sustained midterm increase in the public sector's savings, which is required to help modernize Panama's infrastructure.

A. Reforms in the Public and Financial Sector

6. As part of the public sector's reforms, the tax system will be strengthened and the Central Government's heavy dependence on public enterprises' operation surplus will be curbed within the context of a privatization program. Likewise, the reorganization of current expenses will take into consideration the social sector's programs and it will include local matching funds to finance the increasing level of investments and to pay the public sector's foreign debt service. In addition, the Social Security Board's finances and role will be examined with a view to maximize the use of local resources. In the rest of the public sector, efforts will be concentrated on the elimination of deficiencies in basic services and infrastructure through the private sector's participation and the refurbishment reconditioning of public enterprises. Within this context, the reform to the regulation system will strive to sponsor competence and attract savings and technology from the private sector, to increase the quality and reduce the cost of services.

a. Budget Policies

7. The Legislative Assembly approved a long list of fiscal reforms throughout 1995. Many of the fiscal changes are included in the Law on Generalization of Tax Incentives for Production that became effective in July 1995. First of all, the law will result in a much more uniform treatment throughout the economy:

(i) Many of the agriculture and industrial sectors' tax exemptions will be gradually eliminated during the next seven years;

(ii) Exporters located in the Colon Free Zone are subject to a new uniform 15-percent uniform tax on net revenues from re-exportation operations (compared with the previous tariff ranging between 2.5 and 8.5 percent); and

(iii) The gradual elimination of the Tax Credit Certificate in the next seven years. Also, to eliminate the discrimination against small-level producers, the 3-percent preferential import tax on goods used as raw materials has been extended to all users. Second, to sponsor local and foreign investments the law:

(i) Lowers the highest income tax rate for legal entities from 30 and 34 percent to 30 percent (except industrial production that substitutes imports, where old rates will be phased out by 2009); and

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(ii) It extends a 25-percent fiscal credit on income tax to be paid by all sectors for investing in the modernization or expansion of their production in the next five years. Third, the law reduces discriminating subsidies, either through a better allocation of resources, as in the case of mortgage credits for groups with a medium- and low-level income, or through a gradual reduction, as in the case of the reinvestment of profits in new constructions.

8. Other fiscal reforms seek to remove or counter administrative obstacles to compete at international level. The troublesome process of consular import bills was replaced by a uniform fee that allows a discount in the ship registration fee in new contracts, and the tax on tourism ships has been reduced below the general tax for ships.

9. The government expects these reforms to broaden the basis of tax assessment only in the midterm, but it relies on a substantial increase in its short-term revenues through administrative reforms. The tax evasion problem is being countered with the use of computers and by training personnel at the tax collection agencies, and from the regulation viewpoint, establishing clear rules concerning the implementation of taxes and procedures, to reduce administrative estimates. With this goal in mind, a revised Tax Code and a modern Customs Legislation were submitted to the Legislative Assembly in September 1995 for its approval. The government is prepared to define adjustments in the indirect tax system in case the commercial and fiscal reforms (described in paragraph 26) have a significant negative fiscal impact.

10. As for expenditures, the government is working on institutional reforms that can facilitate an increase in efficiency and allow for changes in priorities. In June 1994, the Legislative Assembly approved a bill to reform the career service legislation, which will facilitate changes to the special laws and will permit the identification of unnecessary jobs. Nearly 53 percent of all public employees are presently covered by special laws, which guarantee automatic wage increases and labor security. Other government employees are subject to an occupational regimen characterized by discretional salary payments and labor instability. Based on a study on job classification, currently in progress, the cabinet will draft in the second half of 1996 a salary and job strategy that can provide greater flexibility in the handling of the payroll in the public sector for the drafting of new policies for its implementation in 1997. Meanwhile, the government will limit, based on a hiring freeze, the Central Government's payroll to $545 million in 1995 and $566 million in 1996 to levels that existed in late 1994, with the exception of the health, education, and public force sectors; forbidding replacement of personnel with higher salaries than those from the vacant positions; and reducing employment by not replacing vacancies as from January 1996.

11. Additional savings are expected through replacing the current cumbersome and costly purchasing procedure with a more flexible system. Legislation to this effect was presented to the Legislative Assembly in September 1995. In addition, modifications to the fiscal code in December 1994 have made the process for bids and public contracts faster and more open and has allowed faster access to fiscal resources thanks to a simplified audit for tax collection. The planning and executing capacity of investments has been strengthened through a special Planning Ministry unit tasked with ensuring that investment projects are executed and offered to the private sector.

12. On a broader scale, reforms to the financial administration that began in 1993 with the help of the AID [Agency for International Development], will be expanded with support from the Inter-American Development Bank [IDB]. The goal is to avoid duplications and establish the different tasks between the Planning and Treasury Ministries and the Comptroller General's Office, while an integrated information system is prepared.

13. The government agenda on reforms also seeks to reverse the trend of past decades when the distribution of income and the poor's true income deteriorated significantly due to distorted policies, preventing an increase of the per capita income, inhibiting the creation of jobs, and redistributing income of the poor to protected sectors. As a result, more than two-fifths of Panamanians today live in poverty. Efforts are aimed toward improving efficiency and balance of social spending through reforms to health and education sectors and directing subsidies toward the most vulnerable groups. In addition, Social Emergency Fund (FES) activities are being expanded with IDB and World Bank funds so that more projects generated by the community can offer employment and basic services to society's most vulnerable groups. The government also supports the rural population through programs for rural enterprises and small farmers through improved infrastructure and the granting of property titles. It is expected that other policy reforms in connection with the labor law, price controls, tariff protection, and protection of public services (described further on) increase the true income of the poor and create job opportunities, especially in the interior, where poverty is concentrated.

b. Social Security System

14. The Social Security Fund (CSS) manages numerous funds and serves as administrator of several others,

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including the Complementary Pension Fund for public workers. During the 1992-94 period, the CSS recorded an average yearly operation surplus equal to 1.5 percent of GDP. Excluding Central Government transfers (in addition to contributions for public workers), operation balances showed an average yearly deficit of 0.6 percent of the GDP during the previously mentioned period. Based on the current trend recorded, the largest CSS fund, the Pension Fund (IVM), will begin to accumulate operation deficits in approximately one decade.

15. In order to upgrade its finances in the short term, the CSS is currently undertaking administrative reforms that will allow it to cut debt by contributors, fight against evasion, improve procedures related to the purchase and handling of inventories, as well as allow it to determine the cost of its services. Within the context of a strengthened administrative capability, the CSS attempts to decentralize its activities into a health unit, a social security unit, and an investment unit, each of which will operate based on predetermined cost efficiency objectives. With the objective of maximizing return and the safety of CSS investments, the government will work closely with the CSS in redefining a financial investment strategy by no longer than mid- 1996.

16. With a medium-term outlook in mind, the government will prepare, by no later than September 1996, a proposal to reform the social security system that will seek to maximize public savings by creating a flexible, efficient, financially stable system that will provide adequate services. The proposal will also include options to solve the unsecured debt problem under the current system. The government is also preparing, with the support of the World Bank, an action plan that will gradually reduce the deficit of the Complementary Pension Fund that will be implemented by no longer than mid-1996.

State Enterprises

17. For several years the government has been seeking to reform the state enterprises sector with the support of the World Bank, under the Economic Recovery Loan (PRE), as well as the IBD under the State Enterprises Reform Loan (PREP). In accordance to a parallel plan, measures have been adopted to raise the efficiency of the state-owned firms, and at the same time the process of reform to the regulatory framework continues with the objective of allowing the recruitment of services, the complete or partial privatization of these enterprises, and the entry of private operators to the market. Revenues acquired from the privatization process will be funneled into an investment fund that will be authorized to finance investments in infrastructure and human development.

18. As part of the recovery process of its operations, these firms have been able to lower physical and non-technical losses, improve allotment and invoicing; reduce accounts receivable and payable, and increase maintenance and investment expenditures. The objective of the regulation reforms has been to separate policy formulation from regulatory duties, and service distribution within each sub-sector (from the public utility enterprises up to ports and the transportation sector). Once the regulatory laws have been established, an independent regulatory agency will be responsible for overseeing progress in each sector. On the other hand, the restructuring of operations of those corporations under commercial parameters has already begun, in accordance to private guidelines. In August 1995, the ministers cabinet listed in Resolution No. 245 the entire procedures for the restructuring of all public sector services.

19. For those public utility and port enterprises, the objectives are twofold: Generate sufficient resources (with the participation of the private sector whenever possible) for the replacement and expansion of necessary equipment, reduce operation costs and rates to levels comparable to those of other neighboring countries. With these facts, the Legislative Assembly approved the privatization of the National Telecommunications Institute (INTEL) in February 1995 whereby 49 percent of the company's shares will be sold off by mid-1996, 2 percent will be withheld in a fund for INTEL personnel, and the state will withhold the remaining 49 percent shares. Private investors will be engaged to manage the INTEL for a 20 year period. The cellular telephone service will be acquired from the private sector by the end of 1995.

20. In February 1995, the Legislative Assembly approved a modification of the Organic Law of the National Institute of Hydraulic Resources and Electrification (IRHE), allowing the participation of the private sector in the firms' new generation, transmission, and distribution capabilities. With respect to the National Port Authorities (APN), it is expected that most of its operations in the ports of Cristobal and Balboa will be engaged from the private sector during 1996.

21. The restructuring and opening of private sector participation in the National Water and Sanitation Institute (IDAAN) is still under assessment. Seven water distribution systems have been identified as potentially inviting to the private sector, including new areas where estimated demand will increase when the reversion of canal areas concludes. In the meantime, the government is implementing measures aimed at cutting losses caused by technical limitations and increase revenues by installing new water meters.

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Management of the Public Debt

22. During the Stand-By period, the government will strengthen the foundations for a sound management of the public government. It is expected that external financing to support the public sector's investment program, the government's medium-term economic program, as well as efforts aimed at cutting the debt and the debt service payments will be obtained mainly from multilateral institutions. Disbursements of the second installment under the PREP and the PRE are expected to take place during the last quarter of 1995, and the first quarter of 1996, respectively. It is expected that the last installment of the PRE will be disbursed in June 1996, and the IDB is planning the expansion and extension of its support to the public enterprises reform program under a subsequent PREP II program, expected to be in operation by the second half of 1996. The intends to normalize its relations with foreign creditors. It has renewed interest payments to commercial banks by paying nearly $2 million per month, and anticipates to complete a debt reduction package by the second quarter of 1996. A text of the final terms was forwarded to creditors in October 1995. During the second half of 1996, the government also intends to negotiate its oil debt with Mexico and Venezuela, as well as its short term debt with the commercial banks in an attempt to ensure a restructuring agreement following guidelines included in the banking package.

23. As part of its strategy to handle the debt, the public sector will continue increasing net savings in the domestic financial system. In order to improve the efficiency and transparency in the handling of the domestic debt, the government will work closely with the Inter-American Development Bank [IDB] within the context of reforms in the financial sector to evaluate current practices. Those practices include crossed subsidies of funds within the public sector, restrictions in the placement of funds for public enterprises, and interest rates below those established by the market for deposits made by the public sector or loans to the National Bank of Panama (BNP). The objective will be defining guidelines and a chronogram for a transition based on an outlook of the market of financial operations in the public sector by September 1996.

e. Financial Sector

24. With the IDB's cooperation, the government is preparing a reform to the Panamanian financial sector, which is centered on improving preventive [prudenciales] regulations and conditions for the International Banking Center's competition with other financial centers. The purpose is reviewing the Banking Law; strengthening banking supervision; making state banking institutions more efficient; permitting the issuance and exchange of new financial instruments, modernizing regulations applied to the stock exchange market and the insurance industry. Those reforms will be supported by a sectorial investment loan from the IDB. The progress made with the implementation of the reforms will be determined within the context of a new Stand-By agreement.

B. Deregulation and Other Topics

25. The government is complementing its reforms to the public sector with amendments and regulations applied to labor, international trade, and prices, in order to guarantee a more efficient use of resources through the economy.

In August 1995, the Legislative Assembly approved a law introducing significant reforms on the Labor Code. This will help increase labor mobility and flexibility and at the same time will reduce the government's role in handling labor relations.

26. In November 1994 Panama began bilateral negotiations in relation to its access to the WTO and hopes to complete the process by the end of 1995. Panama's nominal tariffs will be reduced from their current range of 0-90 percent to 0-40 percent when it enters the WTO. Five years from now, they will range between 0-30 percent (with the exception of duties in the agriculture and livestock sector). In addition, non-customs barriers and reference prices will be incorporated to these customs tariffs, as customary at the time of entrance into the WTO. Price controls will be eliminated along with the commercial reforms and the government will adopt institutional and legal adjustments to:

a) Identify and penalize practices restricting free competition;

b) Protect consumers; and

c) Introduce antidumping regulations acceptable under WTO standards. A bill to that effect (Law for the Defense of Competition) will be presented to the Assembly by the end of November 1995 and should be promulgated at the beginning of 1996. In the medium term, the government is exploring, with the assistance of the World Bank, a program of commercial reforms that will additionally reduce protection, particularly on agricultural and agro-industrial goods.

27. Consistent with its policy of economic liberalization, the government is preparing a strategy for the integration of the Panama Canal and interoceanic areas related to the economy. Approximately one third of the areas have already been reverted, the gradual closing of

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military bases began in 1995, and the process of reversion is scheduled to end with the transfer of the Panama Canal in the year 1999. While the transfer of the Panama Canal will reportedly result in a net income that Panama would receive, the reversion of other areas will probably result in an initial loss of income (due to the departure of U.S. personnel and agencies) of approximately $300 to $400 million per year. The government's objective is minimizing the costs and increasing the gains of the transition process. In 1994, the Constitution was amended and measures were taken for the creation of an autonomous government institution that will manage the canal after 1999. In July 1995, a temporary commission was created which will be in charge of taking the necessary legal and organizational steps. In regard to the areas reverted, the government through the Interoceanic Region Authority (ARI) which is in charge of handling and determining the use given to the areas to be reverted will propose a complete development strategy to the Legislative Assembly in March 1996.

28. Meanwhile, the ARI:

(a) Is involved in contracting the Balboa port services with the private sector (where the ARI will provide land for later development of the port), and is negotiating the expansion and handling of the port of Coco Solo North with an international company;

(b) Is exploring a joint venture with an international company which wants to establish an export zone in Fort Davis (reverted in October 1995);

(c) Is preparing a tourist plan for Port Amador (to be reverted in January 1996);

(d) Has presented a plan to the Health Ministry to privatize the services of Gorgas Hospital;

(e) Has agreed to provide lands for the construction of the Panama-Colon freeway;

(f) Has contracted a study for the development of a International Educational Center; and

(g) Is studying alternatives for the use of Albrook Airport.

29. The government is interested in avoiding environmental contamination, which could result when the land is developed for industrial or tourism purposes, and is also trying to consign the problems resulting from past deficiencies in the handling and conservation of natural resources. Approximately 45 percent of forest lands have been destroyed by the advancement of extensive cattle raising and subsistence farming. In the rural areas, residual waters have seldom been treated, while in the urban areas, the treatment of used water has been inadequate and the incidence of chemical contamination and discarded solid waste is very widespread. The government is drafting legislation regarding the environment and is developing, with the assistance of the World Bank, a legal, institutional, and regulatory framework to handle forest and soil conservation. This legislation will pay special attention to issues regarding the canal's basin and biological diversity. In addition, a close follow-up will be given to the environmental impact of two copper mines and two gold mines which will soon be operational, and to the construction of the two freeways (the Panama-Colon highway and the Northern Corridor). The speedy progress in granting land title (two-thirds of property owners do not have titles), it is hoped, will help modernize the agricultural sector and foster soil conservation.

II. Support to the Fund and Performance Criteria

30. In order to support the government's economic program described in this letter, Panama requests a 16-month Stand-By agreement for an amount equivalent to SDR 69.8 (46.7 percent of the annual quota). The government is also requesting that a sum equivalent to 25 percent of each purchase under the agreement be separated from the debt reduction and debt service reduction operations. In addition, the government intends to request an increase in the percentage of IMF funds accessible for these operations.

31. The following quarterly quantitative guidelines for the end of December 1995, end of March 1996, and end of June 1996 have been established in Charts 1-4 in order to follow up on the performance of the program:

(a) Limits in the requirements of net public sector nonfinancial loans, with a ceiling in the Central Government's loan requirements;

(b) Limits in the public sector's nonfinancial net domestic loan requirements, with a ceiling in the requirements of net domestic loans by the Central Government, and

(c) Limits in public sector obligations and obligations guaranteed by the government for maturities of up to 12 years, with ceilings in maturities of up to one year and five years. The Government of Panama will take steps not to incur in any external payment delays except in those cases related to the external debt under renegotiation with the commercial banks, as well as with Mexico and Venezuela (oil debt). The contractual debt service will be incorporated in the program as nonpaid (except for those payments alluded to in paragraph 22), in accordance with the negotiations program contemplated. Following the restructuring of the oil debt, foreign payment delays with Mexico and Venezuela will be eliminated by no later than December 1996.

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32. The Government of Panama believes that the policies and measures described in this letter will accomplish this program's objectives, but should it be necessary, will take additional steps and search for new arrangements with the IMF in order to maintain the program in its right course. The authorities will remain in close contact with the IMF in conformity with this institution's policies on consultations. In particular, progress accomplished in the execution of the program will be determined during two evaluations side by side with the IMF; the first evaluation, to be completed prior to 15 June 1996, will determine the fiscal impact of the commercial and customs reform in 1996 and will accomplish an arrangement with respect to measures on compensation revenues. If necessary, the evaluation will examine arrangements for the financial sector reform and establish convenient performance guidelines for the rest of 1996 simultaneously with continuous assurances for the financing of the program.

The second evaluation will be completed prior to 15 December 1996, and will reach to an arrangement with respect to public sector payment and employment strategy; will determine progress accomplished in the restructuring of the foreign debt, in the definition of a medium-term commercial and customs reform program, and in the formulation of a consistent restructure of the tax system. It will also examine progress attained in the structural reforms related to the management of the internal debt, the financial sector, the social security system, and public enterprises. In addition, separate quarterly evaluations will be applied to the external financing associated with the program, and progress in compensation of the remainder of pending external delays.

Your truly, Guillermo O. Chapman Jr. Minister of Planning and Economic Policy Olmedo Miranda Jr. Minister of Finance and Treasury Jose de la Ossa General Manager, National Bank of Panama Aristides Romero Comptroller General of the Republic.

Opposition Parties Elect Leaders During Conventions

PA2211164895 Panama City Circuito RPC Television in Spanish 2300 GMT 20 Nov 95

[Report by Alvaro Alvarado; from the "RPC Television News" newscast]

[FBIS Translated Text] This weekend, the country witnessed intense political activities: The Christian Democratic Party [PDC], the Nationalist Liberal Republican Movement [Molirena], and the Papa Egoro Party held conventions to elect their respective leaders.

The Papa Egoro held its convention in Santiago, Veraguas Province. Legislator Gloria Young was elected by a small margin as president of that movement. Afterward, many comments were made in regard to the status of singer Ruben Blades, founder of this party. Some believe that after this election, he loses control over his party.

[Begin recording] [Young] For us, in the Papa Egoro, Ruben Blades will continue to be our undisputable main leader. He is our leader not only because he won that position within our party, but mainly because he has won it before the Panamanians, and that is where we want him to be.

Young added that Blades will be in charge of the Secretariat for Community Issues and promised to show the country that Papa Egoro is an independent party and not an ally of the Democratic Revolutionary Party.

Today, Ruben Arosemena is the only PDC legislator, and this weekend he was elected new president of that party. The challenges of the new party leadership are aimed at attaining a new image for politicians.

[Arosemena] We are aware of the worn-out state of the traditional political groups. This situation has worsened and reached alarming levels with the latest actions taken by the national government.

Arosemena added that those who abandoned the party seeking personal or political aspirations will not be reinstated without the consensus of the majority.

The government was seriously questioned during the convention of the Popular Molirena, which is affiliated to Molirena. Delia Cardenas was elected president and Legislator Arturo Vallarino, secretary general.

[Vallarino] Instead of fighting poverty, he is taking time to attack the opposition. He has invited us to war, to fight; he has called us cheap demagogues and only yesterday called us hypocrites. We are fighting cocks [Molirena party symbol] and we were not the ones calling up a fight, but we are willing to fight to see that the president complies with his promises to all Panamanians. [end recording]

According to people close to Molirena, the absence of Guillermo Ford, President of this party, could be a sign of divisions within this political group.

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Stanley Motta Elected New ARI President

PA2611220895 Panama City LA PRENSA in Spanish 25 Nov 95 p A1

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] Official sources announced that businessman Stanley Motta had been elected president of the Interoceanic Region Authority (ARI) by this agency's board of directors, while Graciela Dixon will occupy the position of vice president and Tizla de Destro will be secretary general.

Motta replaces Carlos Mendoza, who was appointed Panamanian ambassador in Taiwan after he backed reforms to the ARI law promoted by President Ernesto Perez Balladares.

The information was announced by Motta, who will occupy the position for a two-year period, when he was interviewed yesterday by the local press that covered an ARI event attended by President Perez Balladares.

Motta explained that the ARI's responsibilities are clearly specified by the law, and the management of the agency falls under the competence of its administrator.

"The most important news is not related to the appointments but the fact that we (now) have a board of directors operating once again," Motta pointed out.

ARI is responsible for overseeing all assets that revert to Panama by virtue of the Torrijos-Carter treaty signed in 1977 with the United States.

The new ARI president guaranteed that the agency's directors "are aware of the responsibilities we must undertake in order to ensure the economic and social development of the reverted areas."

The reverted areas are valued at $32 billion according to assessments and evaluations made during the administration of President Guillermo Endara.

Official government sources disclosed yesterday that the 145,000 hectares of property corresponding to the territory of the canal area was registered yesterday with the Office of the Public Registrar as property of the state, an event that reflects Panama's certainty that it is handling the canal issue adequately.

The land was registered under a special section of the public registrar's office inaugurated yesterday by President Ernesto Perez Balladares.

The president stressed that the event is evidence that Panama is working to get up to date with the tasks it must undertake in order to take on the full management of the canal "and bring about the benefits anticipated from the use of the reverted areas."

The Cristobal plot of land, located in the Atlantic, measures 71,469 hectares, while Ancon in the Pacific measures 73,674 hectares.

"At last we can truly say that the lack of willpower, incompetence, and inability with which everything related to the way these major assets were being handled has finally been left behind," the president stated.

Perez Balladares also applauded the "swift and sure" manner in which plans are moving ahead to implement the projects aimed at creating the wealth and jobs that will allow the country to become a more prosperous nation, and in the condition to be able to offer its citizens a better life full of opportunities.

It was disclosed that, to the ARI, the registration of the reverted property and the opening of the new public office represent the start of a general plan of conservation, development, and investment in the goods that will be reverted to Panama by the United States.

In the meantime, Deputy Foreign Minister Omar Jaen asserted that "we are taking part in a major event related to the management of the ownership of our property, in our own country, when the government, as sole and legitimate owner of the land that comprises the canal zone, formally inscribes it in the Office of the Public Registrar."

Two Television Stations, 1 Radio Station Merge

PA2511031995 Panama City EL PANAMA AMERICA in Spanish 23 Nov 95 p 1a

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] Channels four and 13, as well as RPC Radio, merged today into a new firm called Medios de Communicacion S.A. (MEDCOM). The basic objective of this merger is to stop large international television conglomerates from entering the Panamanian market and ousting the domestic merchants.

The MEDCOM board of directors and editorial council, which is headed by its president, Fernando Eleta, and vice president, Nicolas Gonzalez Revilla, explained the reason for the merge to publicity agencies yesterday.

The merger includes the creation of a production company called Producciones MEDCOM, which is to be managed by Katia de Caballero. MEDCOM Producciones will prepare export-quality domestic programs.

A MEDCOM communique reported that the division of the Panamanian television industry made it vulnerable to international conglomerates that wanted to establish their presence in developing markets.

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Both channels will maintain their own management directors. Mercedes Eleta de Brenes was appointed manager of Channel Four and RPC radio and Jose Rodolfo De La Guardia will manage Telemetro.

The dramatic and constant technological advances in the media demand that efforts be coordinated to confront the unpredictable challenges of the future, the MEDCOM communique added.

According to the document, the new firm was formed by the same shareholders who own each channel in equal participation proportion.

Fernando Eleta told EL PANAMA AMERICA that both channels will continue their independent program schedule and will further an editorial policy of respect and objectivity. He added that the rights of the workers will be totally respected and asserted that "there should be no doubt about that."

Regarding the merger, Eleta asserted that in the framework of the international globalization process " it is one thing is to sell a cement company and something very different to sell those channels those are cannons and must remain in Panamanian hands."

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Argentina

President Views Friendship, Ties With Paraguay

PY2711185195 Buenos Aires TELAM in Spanish 1605 GMT 27 Nov 95

[FBIS Translated Text] Buenos Aires, 27 Nov (TELAM)—Argentine President Carlos Menem and Paraguayan President Juan Carlos Wasmosy today emphasized the friendship that unites their countries and the opportunities the regional integration process, within the framework of Mercosur [Common Market of the South], will create for their two peoples.

"Argentina and Paraguay have an indestructible friendship," Menem said after decorating Wasmosy with the Collar of the Order Liberator San Martin in the degree of Grand Cross.

The ceremony took place at the White Hall of Government House at noon today. Menem stressed his personal friendship with Wasmosy, emphasizing that Argentina and Paraguay "today live in democracy and seek a real, sincere, integration."

"I am proud of being President Wasmosy's friend and I am pleased to decorate him," Menem said, adding: "We have a couple of days of work that will serve to close our positions even more."

President Wasmosy thanked Menem, stressing that "the Argentine and Paraguayan Republics share a rich common history."

The Paraguayan president said: "Our Mercosur is an outstanding expression of our spirit of community, as expressed in works like the Yacyreta and Corpus hydroelectric dams, which reveal the creative talent of our peoples."

Shortly before leaving for a working meeting at the South Hall of Government House, Wasmosy said the two nations' friendship "is based on shared aspirations like achieving a united, politically independent, economically sovereign, and socially integrated American continent."

Chief of Cabinet Eduardo Bauza, Foreign Minister Guido Di Tella, executive branch ministers and secretaries, legislative and judicial branches' authorities, and military chiefs witnessed the ceremony at the White Hall.

During the meeting, the two presidents and their respective entourages analyzed diverse aspects of bilateral relations and concrete prospects for the upcoming Mercosur presidential meeting with the EU in Madrid between 11 and 16 December.

Officials did not rule out the possibility of progressing on a cooperation agreement between the Argentine Borders Police and the Paraguayan Police to prevent criminal activities in border zones.

Wasmosy arrived at the Jorge Newbery airport around 0900. The Paraguayan president drove to Plaza San Martin where he deposited a flower wreath before the San Martin monument before going to Government House.

Duhalde's Challenge to Menem, Peronist 'Infighting' Seen

PY2811023795 Buenos Aires LA PRENSA in Spanish 26 Nov 95 p 11

[Article by LA PRENSA reporter Sergio Crivelli: "Troubles Besetting the Monarchy"]

[FBIS Translated Text] President Carlos Menem had not even started his second term of office when [Buenos Aires Province Governor] Eduardo Duhalde launched his candidacy to succeed Menem to the Presidency. This initiative displeased the incumbent administration, which argued that this move was too premature—besides, Duhalde has not yet started his second term of office—and that it would undermine the power of the head of state. The scramble for the succession should have started in 1997, but the "infighting" within the ruling party drastically advanced that date.

In any case, the fierce and never-ending "infighting" within the Peronist Party is not solely responsible for the present situation. The root of the problem lies in the excessive concentration of power in the hands of the president, which has impaired the functioning of the other branches of government. All the bets have been placed on one number, so the disruption caused at the time when the president's tenure is about to come to an end may bring the entire country to a grinding halt. We went through this traumatic experience for the first time in 1989 [when then-President Raul Alfonsin had to hand power over to President-Elect Carlos Menem before his term of office expired].

No country having a system of checks and balances in working order will experience a power vacuum because somebody decides to launch his presidential candidacy well beforehand. Nobody believes, for example, that the U.S. Presidency will be exposed to a wanton wind because Bill Clinton has only a slim chance of being reelected. The opposition, which has a majority in Congress, may try to spike Clinton's guns, but the U.S. President's power will be effective and respected until the very last day of his tenure.

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In our country, the situation is obviously different. Under the Menem administration, Congress and the judiciary has been shorn of its power on account of Menem's decision to rule by decree, to enlarge the Supreme Court and to effect other changes in the judicial branch. The result of all this is that *power has only one domicile—50 Balcarce Street* [Government House] and when the occupant is about to change, uncertainty becomes generalized.

This notwithstanding, the Peronist Party should not be considered solely responsible for this situation. Everybody, from the business *establishment* to the poor strata of society, who applauds, acquiesces in, or at least does not complain each time Congress is attacked or the judiciary subjugated, has helped matters become what they are. Warlords, the monarchy, and those who rule with an iron hand have historically been extremely popular in Argentina without distinction of social class or economic sector.

Duhalde's Wager

Leaving institutional considerations aside, Duhalde officially announced that he will run for the presidency in 1999 for reasons that have to do with the *timeliness* of such a move. His main adversary, Economy Minister Domingo Cavallo is facing the worst moment of the Convertibility Plan and the Buenos Aires Province governor wants to distance himself from what is happening on the economic front. Duhalde's courting of "historical" Peronism should be interpreted along the same lines. Some of his economic advisers are of the opinion that the situation will not improve in the near future and that Menem and the Economy Ministry—which until not long ago were vying with each other for the authorship of convertibility—must pay the political and social costs of this.

With his opening gambit, Duhalde also managed to have Cavallo's buddy, former Tucuman Governor Ramon "Palito" Ortega, enter the fray.

If the former governor throws his lot with Cavallo he will also have to bear the blame for the current recession and unemployment, even though official sources never seem to tire of announcing that the number of jobless will decrease in the next survey.

Another reason that prompted Duhalde to announce his candidacy was the growing opposition presented by the so-called governors' league, comprising Governors Ruben Marin (La Pampa), Rodolfo Gabrielli (Mendoza), Adolfo Rodriguez Saa (San Luis) and Nestor Kirchner (Santa Cruz). These four governors are very strong Peronist leaders in their constituencies who stand up to the Buenos Aires Province governor on account of the revenue-sharing scheme.

As any potential supporter of the Cavallo-"Palito" ticket constitutes a sure threat to Duhalde's presidential aspirations, by announcing his candidacy two years earlier, the Buenos Aires Province governor is forcing everybody to define his/her allegiances.

Norberto Agrelo Reelected Ucede Party President

PY2711163595 Buenos Aires TELAM in Spanish 2204 GMT 25 Nov 95

[FBIS Translated Text] Buenos Aires, 25 Nov (TELAM)—Norberto Angrelo, current president of the Democratic Center Union [Ucede], was reelected today following an agreement between the main internal factions. The Ucede is holding its assembly at a downtown Buenos Aires hotel.

Angrelo's election was facilitated by the decision by Ucede founder Alvaro Alsogaray to withdraw his nomination. Alsogaray's move was prompted by the fact that he would lose an eventual vote at the plenum by 52 votes to 30, according to his close advisers.

Supreme Court Judge Resigns for 'Personal Reasons'

PY2711163495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1229 GMT 27 Nov 95

[FBIS Translated Text] Buenos Aires, 27 Nov (NA)—Supreme Court Justice Ricardo Levene today resigned for "personal reasons."

Justice Minister Rodolfo Barra made this announcement during a unscheduled news conference at government house this morning.

[Buenos Aires TELAM in Spanish at 1253 GMT on 27 Nov 95 states: "Justice Minister Rodolfo Barra today categorically denied that Supreme Court Justice Ricardo Levene's resignation was connected to criticism over the investigation into the attack on the Israeli Embassy in 1992."

"Barra told reporters at Government House that, on the contrary, last week Levene had the satisfaction of hearing that the Supreme Court had rejected his suggestion that he should be separated from the investigation."]

National Accounting Office Signs Pact With Brazil

PY2711230695 Buenos Aires TELAM in Spanish 1705 GMT 27 Nov 95

[FBIS Translated Text] Buenos Aires, 27 Nov (TELAM)—The Argentine National Accounting Office

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(AGN) reported today that it has signed a scientific-technical cooperation agreement with its Brazilian counterpart.

The agreement is geared to establishing a cooperation program between both countries on external auditing of financial, accounting, budget, and assets administration.

The document was signed by the heads of both countries' National Accounting Office, Enrique Paixao and Marcos Vinicius Rodrigues Vilaca, during a ceremony in which Argentine and Brazilian officials were present.

The AGN issued a communique stating that the agreement provides for an exchange of information and experiences "on the basis of internationally accepted principles of equality and mutual respect for national sovereignty, mutual interest, and nonintervention in the affairs of each agency."

Bolivia

UCS Leader Max Fernandez Dies in Plane Crash

PY2711132095 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 27 Nov 95

[FBIS Translated Excerpt] A Bolivian Air Force Plane FAB-90 Fokker 027 carrying the remains of entrepreneur Max Fernandez Rojas and seven crew memebers and passengers who died in a tragic accident on the slopes of Colorado Hill, 2 km from Uncia, Bustillo Province, in northern Potosi yesterday left for La Paz at 0700 today.

Max Fernandez remains were taken to the plane by members of the 21st Illimani Infantry Regiment based in Uncia; hundreds of UCS [Solidarity Civic Union] followers; and settlers from Llallagua, Catavi, Siglo 20, and Uncia.

The eight bodies were identified as those of entrepreneur and politician Max Fernandez Rojas; Lieutenant Rene Inojosa; Jaime Zambrana, manager of the National Beer Company in Santa Cruz; pilot Antonio Tapia; copilot Rene Alberto Saenz; Rodolfo Segarra; Oscar Arroyo; and Armando Mantilla.

The cause of the accident, which occurred at 1550 yesterday, is still unknown. After the accident the bodies were taken from (Neteri), on the slopes of Colorado Hill, to Uncia where they were treated with formaldehyde and taken to the local chapel. [passage omitted]

Political parties in the region stopped their campaign in solidarity with the UCS. The strong winds that probably caused Max Fernandez Rojas' plane to crash continue in northern Potosi today.

Brazil

President Implements 'Green Protocol' Program

PY2711135395 Sao Paulo GAZETA MERCANTIL in Portuguese 16 Nov 95 p A7

[Article by Renata Verissimo]

[FBIS Translated Text] Federal banks will include environmental protection in their credit policies. During a ceremony at Planalto Palace on 15 November, President Fernando Henrique Cardoso implemented the "Green Protocol" program, which seeks to determine which institutions may receive loans from official banks. The protocol also conditions access to credit to projects that consider environmental protection measures.

The presidents of the National Bank for Economic and Social Development, the Federal Savings Bank, the Bank of Brazil, the Bank of the Northeast, and the Amazon Region Bank signed a letter of intent which commits them to evaluate the environmental risks of a project before granting loans to finance it. Together, these banks grant 22 billion reals in loans to industrial and agriculture projects.

The instruments to control the loans and benefits for productive activities granted by official banks will go into force in 1996. Each office of these five banks will have a department to handle affairs linked to the environment. The established schedule grants time to train the clerks who will work for this department.

These banks will grant resources only to individuals or companies that have no debt with the Brazilian Institute for the Environment [Ibama]. If they do, besides being unable to receive loans, they will be included in the Central Bank Registry of Insolvent Companies. This will prevent them from conducting any transaction with official financial institutions or from participating in public tender biddings.

The government will establish a credit line for activities that contribute to protect the environment, such as paper recycling industries. President Cardoso explained that the conditions for granting credits to environmental protection "does not have a merely negative aspect. It does not seek to merely control, but also to give the companies something more. We will create new economic activities in accordance with the environment protection philosophy. So many have been crying over the jobs that ceased to exist in the old-fashioned industrial area. Very well, modern industries will create new areas, new jobs."

Cardoso's idea is to also seek the support of private banks. After reading out the names of the presidents

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of the five official banks and of the Central Bank, Cardoso began his speech in a very good humor. He said: "I have never seen the economic area give so much importance to an issue, and I have never seen so many important names of the economic area together. This shows how strong the environmental area is. For the first time it has been possible to gather in this room the institutions of the public area—which is the poorest sector in Brazil—that really have money. We must now attract the private area and get it to do the same." Also attending the ceremony were the presidents of the National Land Reform and Settlement Institute, Ibama, and the ministers of finance, agriculture, the environment, and the Legal Amazon Region.

President Accepts INCRA President's Resignation

PY2711233395 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 27 Nov 95

[Report by Luis Augusto Mendonca in Planalto Palace—live]

[FBIS Translated Text] Presidential spokesman Sergio Amaral is announcing here at Planalto Palace that Francisco Graziano, president of the National Land Reform and Settlement Institute, INCRA, has resigned. Let's listen to Amaral:

[Begin recording] [Amaral] The president of the republic this afternoon received the resignation of INCRA President Francisco Graziano. The president also received a report from the justice minister about the Federal Police [PF] investigations and ordered that an inquiry be conducted under Article 143 of the bylaws governing public servants regarding the charges of influence peddling attributed to Ambassador Julio Cesar Gomes dos Santos.

Copies of the text of the letter submitted by the INCRA president to President Cardoso will be handed to you after this briefing.

[Unidentified reporter] Did the president accept the resignation?

[Amaral] Yes, he did. Justice Minister Jobim this afternoon verbally briefed the president about the Justice Ministry investigations. I am going to study the justice minister's briefing to clearly outline the course taken by this case.

[Reporter] [Words indistinct] what is the situation of PF Director Vicente Chellotti?

[Amaral] That matter falls within the jurisdiction of the Justice Ministry, which is conducting an investigation.... [end recording]

Well, you have just heard presidential spokesman Sergio Amaral announcing the resignation of Incra President Francisco Graziano.

President Cardoso has just left Planalto Palace. He looked relieved and even waved at the reporters. Raul do Valle, an Incra director, will serve as acting INCRA president.

[Sao Paulo AGENCIA ESTADO at 2234 GMT on 27 November carries the text of Graziano's 200-word resignation letter addressed to Cardoso. Graziano says: "Alien forces are taking advantage of recent political events, in which my name was unduly involved, to undermine the image of your administration. I hereby reaffirm that my only participation in the incident was to convey to you the serious influence-peddling charges." He adds: "Thus, I could in no way be a cause of embarrassment for your administration." He concludes by noting that "out of deep respect for you, Mr. President, I feel compelled to submit to you my irrevocable resignation as INCRA president."]

Planalto 'Arm-Wrestling Match'

PY2811011495 Sao Paulo AGENCIA ESTADO in Portuguese 2212 GMT 27 Nov 95

[FBIS Translated Text] Brasilia, 27 Nov (AE)—Francisco Graziano Neto today resigned from the Presidency of Incra [National Land Reform and Settlement Institute], losing an arm-wrestling match with Civilian Household Chief Clovis Carvalho and Planalto Palace Secretary General Eduardo Jorge. Graziano resigned 18 days after he handed over to President Fernando Henrique Cardoso a copy of taped conversations that the federal police recorded by bugging the telephone of Julio Cesar Gomes dos Santos. On announcing his resignation, Planalto Palace reported that an internal investigation will be conducted into former Protocol Chief Julio Cesar dos Santos' possible involvement in trafficking in influence, as was suggested by the taped conversations. Graziano is the third government casualty since the disclosure of the Sivam scandal. The first two were former Planalto Palace Protocol Chief Julio Cesar dos Santos, and Aeronautics Minister Mauro Gandra.

After Justice Minister Nelson Jobim charged him on 23 November with being an informer of the president, Graziano tried to defend himself. He said he received copies of the report on the bugging of Julio Cesar dos Santos' phone from the hands of federal police agent Paulo Chelotti, the brother of federal police director Vicente Chelotti. Graziano sustained that he was not involved in the leaking of information to ISTOE magazine, which was attributed to journalist

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Mino Pedrosa. Up until this morning, Graziano had the support of Communications Minister Sergio Motta and Education Minister Paulo Renato de Souza, both PSDB [Brazilian Social Democracy Party] members.

After reading today's newspapers, which carried his criticism of the federal police and the pressure from Congress leaders to find a solution to the case, Graziano realized that his situation had worsened. This ended up isolating the former private secretary and trusted man of President Fernando Henrique Cardoso. Throughout the crisis, Graziano's former Planalto Palace neighbors Clovis Carvalho and Eduardo Jorge—who oppose Sergio Motta in their contacts with President Cardoso—asked for the head of the Incra president.

Late in the afternoon, minutes before his resignation was announced, Graziano said that "if it is better for the government, I will leave Incra." He once again denied that he ordered the phone-bugging operation, and he announced a press conference for the morning of 28 November. "I believe these charges are unfair," the former Incra president said to Senator Ademir Andrade (PSB-PA) [Brazilian Socialist Party-Para]. According to presidential spokesman Sergio Amaral, the president decided to submit Julio Cesar dos Santos to an investigation because Justice Minister Nelson Jobim emphasized that the recordings made by the federal police are authentic.

Official Views Banking Crisis, Reelection

PY2811014895 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Nov 95 p A17

[Interview with Civilian Household Chief Clovis Carvalho by reporters Beatriz Abreu and Lu Aiko; place and date not given]

[FBIS Translated Text] [O ESTADO] Are government accounts registering a deficit this year because no fiscal adjustment has yet been implemented?

[Carvalho] The fiscal adjustment is one parameter within the context of the Plan. The central point is the government's managment ability, without losing control. A good deal of expenditure cuts depends on the reforms. Yet we do not depend only on them. We can indeed prepare rearrangements, transfer work to contractors. We are working on it.

[O ESTADO] Don't you envy U.S. President Bill Clinton, who had no budget and sent home 800,000 public servants without paying them any salaries?

[Carvalho] I don't. Just imagine. It is a problem that he has to resolve the next day, because it stops public service and generates great unemployment. Without congressional authorization, they cannot spend any money, not even for payroll. Things are not like that here. Expenses are made in advance. The beauty of the U.S. process is that the budget is respected. If society does not authorize it, no spending is made.

[O ESTADO] The work on the reforms in Congress is not going at the rate the government would have liked. Has that caused an incongruence?

[Carvalho] If I say no, I will discourage my friends the Congressmen, who will not approve the reforms immediately. If I say yes, you will say that the plan is at stake. Things, however, are not that radical. The government does have some planning capacity and a large number of contingency plans.

[O ESTADO] Is it possible to have the reforms approved before the end of the first half of 1995?

[Carvalho] Take it easy, they will surely be approved! Congress may have to be summoned in January, but we will negotiate. It is to no avail to summon Congress and to have nothing approved. We are optimistic, despite the uproar caused by the social security reform.

[O ESTADO] What about the disagreement between Social Security Minister Reinhold Stephanes and Deputy Euler Ribeiro (PMDB-AM) [Brazilian Democratic Movement Party-Amazonas], the reform rapporteur?

[Carvalho] People are exaggerating by saying that Stephanes is not involved. Negotiations continue, and we will resort to voting on the points on which there is no agreement, like in any democratic country. The social security reform will be approved the way the government wants. Do you know why? Because Congress is sensitive. It is playing in the game.

[O ESTADO] Had things been that easy, Congress would have approved it this year...

[Carvalho] It is part of the process. In other times, the government was in command: There was no boasting, things were just approved! Thank God things are no longer that way. The work by Congress improves the proposals. The government can also make mistakes. Yet I am sure the reforms will be approved. If they are not, we will have to find solutions.

[O ESTADO] Meanwhile, the financial situation of states is deteriorating...

[Carvalho] If we analyze this crisis, we will see that current governors are not responsible for many of the existing problems.

[O ESTADO] Yet they also resort to budget advances to pay contractors...

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[Carvalho] Perhaps they do, but in that case they are trying to resolve a previous problem. They did not hire the contractors this year. Why not pay a just debt? On the other hand, some governors granted salary increases this year. Ask Mato Grosso Governor Dante de Oliveira. This did not happen, for example, with Sao Paulo Governor Mario Covas. At the end of 1994, former Governor Luiz Antonio Fleury Filho managed to have the Legislative Assembly approve all salary increase proposals. Covas was compelled to pay.

[O ESTADO] Will the administrative reform provide a solution?

[Carvalho] The administrative and social security reforms will help, but they will not resolve the problem. Accumulated high interest rates account for part of the debt owed by states.

[O ESTADO] Governors want part of the interest pardoned...

[Carvalho] It is even possible to consider this position. It might be inappropriate, but the debt owed by states can be renegotiated following the model of the negotiation of the foreign debt, in which part of the interest was pardoned. The debt owed by each state has its own specific profile. For example, Sao Paulo owes a lot to its bank Banespa [Sao Paulo State Bank]. Others have a large debt in public securities. It is a complicated negotiation. It would be useless to ignore it.

[O ESTADO] Does this effort to avoid suffocating states have anything to do with the elections of 1996?

[Carvalho] No, it does not. It will be a consequence.

[O ESTADO] Can the Treasury pay part of the debt owed by states and state banks, and also help private banks and farmers?

[Carvalho] Obviously, the Treasury has very little cash. It does not have enough to pay for today's expenses. None of those negotiations will entail a disbursement by the government. We can reschedule the debt in conditions that are acceptable for the Treasury.

[O ESTADO] Is the same reasoning valid for helping banks?

[Carvalho] Yes. The government will not use cash for this.

[O ESTADO] Yet it is losing tax revenues. With the mergers, banks will pay lower taxes for five years, in order to compensate for losses.

[Carvalho] It is not true. The losses were already there. The difference is that the government has designed a method for recovering part of that money, which was already lost. The government is saying that it will give banks some time to recuperate.

[O ESTADO] If the reforms are approved in the first half of 1996, will discussion on reelection begin?

[Carvalho] We should first complete all the basic reforms. We will then start the institutional reform. That is the idea that I see at Planalto Palace. Yet the president has not made a decision on what will be done. As you know, the position of Communications Minister Sergio Motta on the subject is a bit different. The president's position is the one that he himself mentioned: This is not the time for thinking on it, for discussing it. It is early, premature.

[O ESTADO] Will the time after the approval of the reforms be appropriate for speaking about reelection?

[Carvalho] Right. It entails a logical and strategical sequence of concepts. It is not a point of discussing the reelection of Fernando Henrique Cardoso. The point is whether people will be able to decide whether it wants to continue with the same government. It is not an extension of the government mandate, if nothing else because some presidents in other countries were not reelected. The measure will not be for Cardoso, but for federal institutions.

[O ESTADO] Do you want to turn this into an impersonal discussion?

[Carvalho] Right. If nothing else because he can even lose, right? Only 10 months of a 48-month government term have passed. Many things will still happen. We expect to engage all our efforts to make it a successful government. Even if sometimes society wonders: "Will that be good for me?" Public servants wonder whether the administrative reform is indeed good. Yet, they account for 2 percent of the population.

[O ESTADO] The plan should then be properly monitored...

[Carvalho] Just like anything in life. When you decide to do something, you have to accompany it in order to correct distortions. After all, we are experiencing a democratic process. It is necessary to convince others. It is necessary to monitor things and face incomprehension.

[O ESTADO] Isn't the government having too much understanding and benevolence with banks and governors?

[Carvalho] Did you say benevolence? No, not at all.

[O ESTADO] In the renegotiation with states, there is...

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[Carvalho] After the renegotiation is over, I can even discuss whether or not it was benevolent. If the government decides that it has to pardon the debt, it will not be out of benevolence but of pragmatism. I will give an example. Covas has rightly and strongly claimed that the state owed Banespa 9.5 billion reals [R] on 1 January 1995. With a 4-percent interest rate, the debt grew by R400 million every month. In 10 months, the debt rose to R14 billion.

[O ESTADO] That happens to everyone.

[Carvalho] Covas said he ordered no spending increase. On the contrary, he paid R1 billion. Despite this, the debt grew by R4 billion. I could therefore think as follows: I will freeze the debt on 1 January and apply the interest rate that is charged on the foreign debt, which is equivalent to the variation of the exchange rate plus an interest of 3.5 percent a year. This is not benevolence, but understanding the problem.

Minister on Mercosur Import Quota Applied to Paraguay

PY2511003295 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 24 Nov 95

[Report by Luisana Gontijo in Montes Claros, Minas Gerais]

[FBIS Translated Text] Dorothea Werneck—minister of industry, commerce and tourism—has explained that the $150 import quota allowed for Brazilians on purchases in Paraguay is also adopted by all Common Market of the South [Mercosur] member countries.

Minister Werneck emphasized today in Montes Claros, in the northern part of Minas Gerais State, where she is attending the 395th Meeting of the Deliberating Council of the Northeast Development Superintendency, that the $150 import quota established for Brazilians who purchase merchandise in Paraguay is a rule applicable to and adopted by the Mercosur countries: Brazil, Argentina, Paraguay, and Uruguay.

She warned that the Foreign Trade Chamber linked to the presidency of the Republic, in which five ministries participate, has the firm intention of adopting all the required measures to stop smuggling between the two countries.

According to the minister, this activity has been harming various areas in Brazil, such as those devoted to the manufacture of toys, cosmetics, electronic products, and portable home appliances.

BDI Head on Bonn's 'Active' Foreign Economic Policy

AU2611141795 Duesseldorf HANDELSBLATT in German 24 Nov 95 p 11

[Report on interview with BDI President Hans-Olaf Henkel by Joachim Hoenig in Brasilia, Brazil on 23 November: "Cardoso's Reform Policy Is Paying Off"]

[FBIS Translated Text] Federal Association of German Industry [BDI] President Hans-Olaf Henkel is supportive of Bonn's new, more active foreign economic policy. Henkel is currently accompanying Federal President Roman Herzog and Federal Economics Minister Guenter Rexrodt on a trip to Brazil that serves the expansion of bilateral economic relations.

BDI head Henkel regards the recent criticism of Social Democratic Party [SPD] economic policy expert Sigmar Mosdorf of some cabinet members as absolutely unfounded. Mosdorf has particularly criticized Federal Economics Minister Guenter Rexrodt of lacking commitment in his foreign economic policy.

The Asia initiative of two years ago was followed up by the Federal Government with further regional initiatives focusing on Latin America and South Africa, Henkel said. He pointed to the trips of Federal Chancellor Helmut Kohl, Foreign Minister Klaus Kinkel, Federal Economics Minister Guenter Rexrodt, and Environment Minister Merkel, all of which were accompanied by large business delegations. In this connection, one must also emphasize Federal President Roman Herzog's support for the interests of German companies during his current visit to Brazil, Henkel said. "The Federal Government does not need any additional advice in its foreign trade policy," the BDI president noted in an interview with HANDELSBLATT.

Praise for German Foreign Trade Policy

The BDI chief recommends the SPD economic expert to focus on other location factors, "where we might even be able to help him." Specifically, Henkel is thinking of reducing ancillary wage costs or eliminating the trade capital tax. In Henkel's view, the current foreign trade policy of the Kohl government constitutes an authentic advantage for Germany as a business location. He added: "We would be happy if the Federal Government showed similar commitment in connection with other location factors."

According to the BDI chief, the United States is increasingly worried about the commitment of the government in Bonn. At the first Euro-American meeting of businessmen in Seville two weeks ago, U.S. representatives complained about how hard the Federal Gov-

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ernment was trying to open doors to the German economy on new markets. U.S. Commerce Secretary Ron Brown was facing increasing pressure from the Republicans who were challenging his department's right of existence.

Henkel regards political backing for the economy on new markets as useful, particularly where this was required by the structures of the countries. This was particularly true for Asia, where the potential partners and the political community expect the support and the mediating role of German Government members.

Considering the strong presence of major German enterprises in Latin America, this support must primarily serve the interest of medium-sized enterprises. These enterprises must be informed more intensively about the new conditions in the region. They must be made aware of the fact, for example, that the Mercosur, the common market consisting of Brazil, Argentina, Uruguay, and Paraguay, is a reality. Latin America was growing significantly faster than Europe. "Therefore, we must get rid of the dependency from Europe," Henkel emphasized.

With regard to Brazil, where the BDI president is currently accompanying the federal president and economics minister together with a 50-member business delegation, Henkel said that a repetition of a Mexico crisis was not very likely. Of course, there are risks, he said. Yet, Brasilia was pursuing a reasonable financial policy, the currency was stable, although maybe somewhat overvalued, foreign currency reserves were growing again, and the trade balance was also showing a positive development again.

Henkel is positively surprised at the pace at which the Brazilian Government is pushing ahead with structural reforms. It was being serious about liberalization and privatization. Henkel also recognized the end of the discrimination of foreign capital.

Brazil: Chances Through Privatization

"The closed Brazilian system has very rapidly developed into an open society and an open economic system," Henkel said.

The major enterprises of German industry reacted to the changes and stability successes and are preparing comprehensive new and expansive investments. According to the BDI, Volkswagen, Mannesmann, Siemens, and BASF are working on plans to expand their investments there by a total of about 2.7 billion German marks.

Henkel critically assessed the possibilities of numerous German enterprises to participate in the privatization of Brazilian energy and electricity enterprises. Henkel sees the reasons for that not so much in Latin America but in the structures of German enterprises, which have no international experience. Apart from the telecommunications monopolist Telebras, Brazil will privatize its entire electricity production and distribution in the coming years. Henkel expects that private enterprises with international experience will, naturally, stand better chances. "Here we have to pay for the belated liberalization and privatization of our own carriers," Henkel said. He added that he agreed with Federal Economics Minister Guenter Rexrodt to work against that and to take the "bull by the horns."

Army, Aeronautics Ministry Cooperate in Investigation

PY2711142195 Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Nov 95 p 5

[FBIS Translated Text] Brasilia—The Army has been involved in the investigations into the Amazon Region Surveillance System [Sivam] project since 23 November. Army Minister Zenildo Zoroastro de Lucena ordered the Army to help the Aeronautics Ministry uncover the interests behind the lobby [preceding word in English] that opposes the implementation of Sivam, and the origin of the phone tapping that led to the dismissal of Brigadier Mauro Gandra. Lucena also wants to show that there is no antagonism between the Calha Norte project, which is an Army project; and Sivam, which is led by the Brazilian Air Force and the Strategic Affairs Secretariat.

An officer involved in the effort said there is no longer doubt about the commercial interests of the lobby [preceding word in English] that opposes Sivam. At the start of the year, the CIA leaked the information that Thompson—the French company that lost out to Raytheon—offered bribes to high-ranking Brazilian officials for the business. This military officer said the efforts to get the Army go against the Aeronautics Ministry are part of this strategy. An attempt was also made to legitimize the rumor that Sivam will suffocate the Calha Norte project, which seeks to stimulate human, social, and military occupation of the area.

An Armed Forces High Command officer warned that unless President Fernando Henrique Cardoso accelerates the establishment of the Brazilian Intelligence Agency—which will replace the dismantled National Intelligence Service—the government will remain at the mercy of international lobbies and of organizations like the Operational Data Center [CDO] of the Federal Police.

Some intelligence area reports warned the military ministers that the CDO—which is responsible for tapping

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the telephone of Julio Cesar Gomes dos Santos' home—works on its own and has clear links with the CIA. One such report reveals that the CDO building, which was opened in 1991 and occupies 1,200 square meters in the South Police Sector of Brasilia—was not built in accordance with the building norms in Brasilia and that most of its equipment entered the country illegally.

'Rivalry' Noted

PY2411231695 Rio de Janeiro JORNAL DO BRASIL in Portuguese 22 Nov 95 p 7

[FBIS Translated Text] Brasilia—The Army and the Aeronautics Ministry are the dearest in the Armed Forces, but they have always felt an exaggerated jealousy of each other. Today the materialization of the Amazon Region Surveillance System (Sivam) means, indirectly, the shelving of the already weakened Calha Norte project [to build a belt of military posts along the northern borders]. Money for one project means suffering for the other. Officially, no one in the Army or the Aeronautics Ministry accepts that there is a rivalry between both projects. After all, Calha Norte as well as Sivam were designed to provide surveillance in the Amazon region. But the philosophy and the resources are quite different.

Calha Norte's purpose is to settle remote areas in the northern border region, while Sivam basically provides for the construction of a communications network and the installation of sophisticated radars for air control over Amazon region borders.

Criticism

Army Minister Zenildo de Lucena has subtly criticized the exuberant nature of the Sivam project and the expensive equipment needed in terms of installation. During private conversations with assistants, Zenildo repeatedly said that it would be preferable "to fill the Amazon region with people than with radars."

The minister's criticisms are made in private, unlike the remarks made by Reserve General Thaumaturgo Sotero Vaz, former chief of staff of the Amazon Region Military Command. Thaumaturgo told the Chamber of Deputies' Supervision and Control Commission that Sivam "was not necessary, a waste, and that it was excessively large."

"What we need is a government policy for the region. We must invest in the fight against hunger and a program to end the misery of mulattos rather than inventing a Flash Gordon-type project like this system for the surveillance of the Amazon region. We are installing a First World type project in an area living in the sixth or seventh world," Thaumaturgo said.

Secrecy

The Calha Norte project was conceived in secrecy during the Jose Sarney administration and it was idealized by General Rubens Bayma Denys. The project was conceived as "a way to strengthen the expression of our national power, to supervise border areas, and to integrate and develop the northern region."

The justification of the Calha Norte project was the defense of the 6,500 km border stretches with Guyana, Suriname, Guiana, Venezuela, and Colombia and the border regions along these countries, which encompasses an area of 1.2 million square km, or 14 percent of the national territory.

But in the past few years Calha Norte barely developed only the military side of the project. Some roads were built and four special Army border platoons installed. Because of lack of funds, the region today is occupied only by the military. Calha Norte has essentially been shelved.

Colombia

Envoy to France Quits, Says President Should Resign

PA2711134195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 27 Nov 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] Gloria Pachon de Galan admits in an interview published in today's issue of SEMANA magazine that she quit the government over what she terms is real evidence that drug trafficking money was channeled into the presidential campaign. Pachon, former ambassador to France, explained why she quit the Samper government:

The real evidence that drug trafficking money was channeled into the presidential campaign made it very difficult to serve as ambassador. Everyone in Colombia knows that Luis Carlos [Galan] was assassinated after he warned the country of the danger of accepting, making concessions, or closing our eyes to drug trafficking.

Pachon also told SEMANA that she disagrees with brother-in-law Alberto Villamizar's decision to take the job of leading government efforts to prevent kidnappings:

I disagree with him on his decision to take a government job under the current circumstances. I can only see the desire to help solve the kidnapping problem, one of Colombia's current problems, as his motivation.

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Pachon discussed Samper's future in government:

To solve the crisis, at least temporarily, the president could have stepped down until the responsibility of those who he said had acted behind his back was established.

Pachon thinks that the constitutional solution to the problem would be for Samper to resign and Vice President Humberto de La Calle to assume the presidency.

President's Popularity Increases in Mid-Nov Poll

PA2711180095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 24 Nov 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] The results of a recent opinion poll that the National Consultation Center and Napoleon Franco and Associates conducted suggest that President Ernesto Samper's popularity has jumped. While the center—which prepared a special report for Caracol Network and CROMOS magazine—found that Samper's popularity jumped 45 percent, Napoleon Franco and Associates reported a 56-percent rise in popularity. The poll also showed that Colombians disagree with the decision of the Prosecutor General's Office to place Santiago Medina, former treasurer of the Liberal Party campaign for president, under house arrest, with 73 percent disagreeing and 22 percent agreeing. Those polled also commented on the credibility of the Chamber of Representatives Accusations Commission, with 15 percent saying credibility is high, 53 percent saying it is average, and 28 percent saying it is low. Samper's popularity jumped 13 percent following his luncheon with Andres Pastrana Arango. The survey was conducted on 17, 18, and 19 November in Santa Fe de Bogota, Medellin, Cali, Barranquilla, and Bucaramanga.

Movement To Offer Government 'Constructive Criticism'

PA2211232995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 22 Nov 95

[Telephone interview with former Senate President Tito Edmundo Rueda Guarin by Dario Arizmendi; from "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Arizmendi] This is a nation of movements: We have the Movement of the Decent and the Movement of the Hardliners [Movimiento de los Duros]. The Movement of the Hardliners has 25 members and not 35, as Bernardo Guerra Serna, Liberal Party senator for Antioquia Department, had said. Who are the 25 congressmen who have joined the Movement of the Hardliners, in opposition to President Ernesto Samper's government? The group of 25 includes: Dr. Carlos Abadia; Dr. (Vicente Brell); Senator Juan Martin Caicedo; Gabriel Camargo; Juan Carlos Castro; Dr. Carlos Augusto Gutierrez; Dr. Jorge Ramon Elias; Dr. Carlos Espinoza; Dr. Juan Garcia Romero; Dr. Daniel Nicanor Gonzalez; Senator Bernardo Guerra Serna; Senator Armando Holguin; Dr. Ricardo Anibal Lozada; Mrs. (Maria Clofe Martinez de Mesa); Salomon Nader; Jose Name Teran; Eduardo Pasos, replacing Dr. Julio Cesar Turbay; Dr. Armando Pomarico; Hector Eli Rojas; Tito Edmundo Rueda; Camilo Sanchez; Jaime Rodrigo Vargas; Adriana Teresa Vasquez; Rodrigo Villalba; and Dr. Luis Eduardo Vives. What did the 25 hardline congressmen who accepted your invitation do at your house last night? Dr. Rueda, good morning.

[Rueda] Thank you and good morning, Dr. Arizmendi. We met in my apartment to discuss our views on the national government. I would like to make one thing perfectly clear: We do not plan to take any kind of action against Dr. Ernesto Samper's government. We want to provide constructive criticism on our dealings with Dr. Samper's government to help resolve the country's many problems. The meeting was very important. We will meet with the president in the next few days. We believe that the country, particularly the Liberal Party, will be stronger as a result. Our position will not be in opposition to the Liberal directorate. The 25 congressmen will revitalize the Party in Congress. We will serve as the Party's true spokesmen. I repeat: This will serve as constructive criticism of Dr. Ernesto Samper Pizano's government.

[Arizmendi] Dr. Rueda, did all 25 invited guests attend?

[Rueda] All 25 members on the list attended the meeting.

[Arizmendi] Do you plan to recruit more members?

[Rueda] Yes. We want to remain unified: We do not want people joining our group and then leaving. I repeat: Our primary goal is to defend the Liberal Party.

[Arizmendi] What will you ask the president at next week's meeting, Dr. Rueda?

[Rueda] There must be more communication between the executive and the Senate and, probably, the Chamber of Representatives. We will ask representatives to establish a similar movement and try to coordinate the activities of both chambers. We believe the president should have informed us—not consulted us—about meetings with Dr. Andres Pastrana, leader of the New Democratic Force, and meetings with the directorates of the other parties, such as the Conservative Party and independent parties. We could have advised him. Congress should know what he thinks about the country's problems. We all recognize this as serious. We cannot bury

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our heads in the sand and ignore these problems. We must cooperate with the government. That is what we intend to do.

[Arizmendi] Dr. Rueda, will the issues of a value-added tax and tax reform suffer any setbacks during full sessions of the Senate and Chamber of Representatives? Many in this group of 25 congressmen are against a value-added tax. Will you take a stand on this issue?

[Rueda] We will discuss our position on the value-added tax. What you say is true: Many in this group are against a value-added tax. They believe it would be another blow to the working class. The truth is that it was not part of the presidential campaign. That is the viewpoint we have heard at the meetings, but as a group we are not going to assume a position in favor or against the group. The group's members will be free to vote, but positions on other issues could be discussed. We perhaps did not decide on this issue because of the premature nature of the meeting and because we have the discussion of this bill upon us. We do not know what may happen in the next few days, especially after the government submits the tax reform bill to the full session. We all know it has not reached the full session yet.

[Arizmendi] Will you set conditions on your support for the government and the president should a cabinet crisis develop over the next few days?

[Rueda] Not at all. We are not seeking bureaucratic shares. We need the ministers and the president to inform us about what they plan to carry out in the next few days or in the future. I repeat: The country is in a serious situation. We do not want the situation to deteriorate any further under any circumstances.

Finance Minister Perry Interviewed on Investment

PA2211194795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 21 Nov 95

[Telephone interview with Finance Minister Guillermo Eduardo Perry Rubio by Dario Arizmendi; from "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Arizmendi] We greet Colombian Finance Minister Guillermo Eduardo Perry Rubio. Good morning Mr. Minister.

[Perry] Hello?

[Arizmendi] Pleased to greet you Mr. Minister.

[Perry] How are you Dario.

[Arizmendi] You have stated and publicly admitted that THE ECONOMIST's article will cause much harm to the country abroad. What is the government going to do to counter this article?

[Perry] Well Dario, the article broaches two separate issues. The article's economic assessment is positive for Colombia. The article states that Colombia will grow more than 4.5 percent in the next years, that the rate of inflation will continue to drop until it gets to approximately eight percent in 1998, that the current accounts balance of payment deficit will continue to decrease, and that [words indistinct] continue to find Colombia very attractive especially now that infrastructure and public services projects have been opened to private investment. Thus, the magazine's economic assessment, which is the publication's specialty, is favorable.

The political analysis is the one that is really... It is very strange for the investigation center of THE ECONOMIST to take responsibility for this article because it is neither [words indistinct] nor is it well known in this line. What can do us harm is for a magazine, such as THE ECONOMIST—although it was not the magazine but the investigation unit—to make those assertions.

However, I am confident that the investors who are interested in Colombia—both the financial investors as well as those interested in investing in the production and mining sectors—will be able to distinguish between the two issues in the article. I trust they will take note of the economic analysis, which is the issue in which the magazine specializes, and pay little attention to the political analysis.

[Arizmendi] Do you think Colombians were involved in writing the report presented by the information unit?

[Perry] It is very difficult for me to know this. I would not venture to give an opinion, Dario.

[Arizmendi] Do you know if the government, through the foreign ministry or another office, is going to send a letter to express, at least, its point of view and to reject THE ECONOMIST's political assessment?

[Perry] Yes, of course.

[Arizmendi] Who in the government will be doing this?

[Perry] I believe it is being prepared by the justice minister.

[Arizmendi] In regards to foreign investment, analysts say that despite the government's optimism, a prolonged political crisis or the eventual withdrawal of President Samper for any reason, be it of a [word indistinct], political, or moral character, well, would trigger the withdrawal of many foreign investments or, at least, that the foreign investors expected to come in the next years would not come. What is your comment on this hypotheses?

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[Perry] First, I believe there is no reason to have a prolonged political crisis in this country. However, this is not a topic I should comment on. Anyway, international organizations, investment banks, and risk planning institutions have evaluated the Colombian situation; its economic and political situation. In an absolutely generalized manner, those institutions have indicated that they believe Colombia's economy to be very solid and balanced. They have asserted that we have very strong possibilities of increasing our exports, our investments are doing well, we have fiscal balance, a careful monetary policy, and our inflation is decreasing. Due to all those factors, the international analysts have, I repeat, unanimously determined that Colombia and Chile are the best countries to invest in and the ones with the best perspectives.

That opinion is reflected in practice. For example, Colombian bonds abroad can be placed at lower interest rates than Mexico, Argentina, Brazil, or Venezuela. The only country that has rates similar to ours at this time is Chile. There are many ways in which this is reflected. There is great confidence, investments are growing, foreign investments in Colombia have significantly increased, from all countries. In a recent note, the U.S. ambassador stressed that fact. He said that although during the past year... [pauses] during the past two years U.S. investments have not registered the highest increase—European investments have grown more—they have grown very rapidly, more than in the past. This includes all sectors: the oil sector, infrastructure, and industries.

Therefore, we insist that we see no reason to worry about our economy. Furthermore, as I said, the economy belongs to everyone. It is something we have built with great efforts, and which we must take care of and handle independently of political discussions or disagreements.

[Arizmendi] IMF representatives have just ended one of their frequent visits to our country. What is the first conclusion of this visit by the IMF technical staff?

[Perry] Well, yesterday they showed us their preliminary conclusions. That, however, was a preliminary report. They will now hear the government's views—we expressed some of our views yesterday—and the Bank of the Republic will do the same. We will send them a note with some recommendations, particularly regarding specific figures. They will be delivering their final report to the IMF board of directors in approximately three weeks.

[Arizmendi] We are under the impression that those first conclusions, which were in the preliminary report you just mentioned were not very positive. We have learned from sources linked to the Bank of the Republic that they were very pessimistic and made many criticisms. In addition, they mentioned the huge fiscal deficit Colombia is facing, and said that it cannot be covered, not even by approving the tax reform bill. They also made strong criticisms of the fiscal deficit with relation to the GDP.

[Perry] I would say this, Dario: There are... [pauses] they have a more dramatic perception of the fiscal situation than we have. In any event, the government has clearly stated that in the next few years, the main problem the country will face, which must be handled very carefully is the fiscal deficit. This specifically includes the national budget, the central state [passage indistinct] centralization process in the way it is being implemented, in accordance with the current policies and the other large expenses charged to the budget, the recent social security measures, public services, etc. Today, the budget has a considerably high deficit, approximately 3 percent of the GDP, and unless we adopt timely measures we will have serious problems in the future. That is why we have presented a tax reform bill to Congress. We are trying to [words indistinct] is absolutely necessary in order to carry out social investment plans and infrastructure works without increasing this fiscal imbalance.

[Arizmendi] Excuse me, Mr. Minister, the IMF also criticized the excessive public spending.

[Perry] That is what I mean, Dario. They have said that during the past four years public expenditures have grown as never before in the history of Colombia, that this cannot continue, that it must be stopped. The problem is that when public spending reaches the level it has reached, and when there are laws such as the Centralization Law, Law 60, the Public Service Law, and the Social Security Law, which have imposed additional expenses on the government, only by changing some of those laws could the trend be reversed. In any event, as [word indistinct] said yesterday... [pauses] the figures presented clearly show that there has been a substantial reduction in the growth of public spending between the previous and current administrations.

There is also another thing that always happens, Dario. We can always predict what some institutions will say. We know that no matter what, they will always demand more fiscal austerity. A year ago, the preliminary report said that in order to prevent a revaluation, we had to reduce public spending. This year, they tell us that in order to prevent a devaluation—which is the opposite—we must also reduce public spending. I do not want to portray indifference toward the analysis. The IMF analysis contains very good and very important points.

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The truth, however, is that some missions come to our country and in 10 days they analyze information they gather hurriedly. They have a peculiar way of seeing things, and they also have preconceptions [words indistinct] in general terms they see a solid economy. They see a healthy economy, but they believe that an additional fiscal adjustment is necessary, much stronger than what we feel would be convenient for the country.

[Arizmendi] One last question, Mr. Minister. This morning we reported that Cesar Gonzalez, former president of the Banking Association, recently appointed new superintendent of banks reportedly will not assume that post due to the Anticorruption Law, which prevents the appointment of officials who may have carried out actions before the government to benefit third parties. In this case, as former president of the Banking Association, Gonzalez carried out many actions for the benefit of its members. What will the government do? Change the decree? Well, the decree [words indistinct] but will another person be appointed?

[Perry] What are you talking about, Dario? I know nothing about this. In addition, I do not think this has to do with the Anticorruption Law. I believe that the Disciplinary Code approved this year does have a regulation that makes the appointment of government officials in general somewhat difficult because they cannot perform duties in areas where they previously carried out actions. We must clarify, however, that this does not represent any legal impediment. It could be that in certain cases when making specific decisions it could be determined that an official cannot be appointed. I have no knowledge that this is the case.

[Arizmendi] Why has the decree appointing him not been issued yet?

[Perry] Because Gonzalez told us that he could not assume the post yet, that he needed a few days not only to leave the Banking Association, but also to handle some personal matters. In my opinion, he is an excellent choice. He is a person who knows the financial sector very well, and who throughout his public and private life has shown great competence, an independent character, autonomy in his actions. We believe he would do a great job as banking superintendent, continuing the proper and diligent work of previous superintendents. In addition, he would also continue the modernization process initiated by Jorge Castellanos to update the supervision and control measures to make them more consonant with a financial sector that today is much more internationalized and [word indistinct] than in the past.

Shift in Trade With Venezuela Anticipated

96CA0052A Santa Fe de Bogota EL TIEMPO in Spanish 12 Nov 95 pp 4, 5C

[Article by economic staff writers Jaime Mejia Mazuera and Ismael Enrique Medina]

[FBIS Translated Text] Will the approaching storm in Venezuela also demolish Colombia's exports to that country?

The projections and sentiments among business owners are not so apocalyptic, but what is coming will by no means prove insignificant.

The devaluation in Venezuela is virtually a fact. What is not known is whether it will occur during the remainder of this year, or whether they will postpone it until the early months of next year.

The Venezuelan economy obviously will not survive much longer without a devaluation in its currency. The deterioration of the income from oil exports could lead the economy into a worse crisis. Furthermore, the free market for dollars indicates that the currency's real value is over 300 bolivares per dollar, and not 170.

Carlos Janada, an economist from Morgan Stanley specializing in the Andean countries, remarked: "What is most certain is that the devaluation will be a result of the agreements made by the Venezuelan Government with the International Monetary Fund." Venezuela has a total foreign debt of $26 billion and, this year, it will pay nearly $3.87 billion in debt service alone: an amount equivalent to 4.6 percent.

Next year, the situation will continue to be equally difficult. According to Morgan Stanley estimates, the debt service will reach the considerable figure of $3.059 billion.

Hence, the only immediate solution for Venezuela consists of allowing its currency to drop to the levels dictated by the market. In other words, it must permit the bolivar to decline 50 or 60 percent with a single push.

Only in this way will it be able to balance part of its public finances with the larger income that it would accrue from exports. The other request that the IMF will surely make is for a thorough tax reform and the gradual elimination of subsidies.

According to Jorge Ramirez Ocampo, president of the National Association of Exporters [Analdex], Venezuela's current predicament is intolerable, and is becoming a source of great pressure for contraband directed toward Colombia.

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From this standpoint, many Colombian producers could find themselves hurt by the unfair competition.

The president of the exporters association also believes that Venezuela's exchange problem is not commercial, but rather one of a fiscal nature, related to confidence.

There are two phenomena causing this situation: in the first place, the current distortions in the market resulting from the exchange differential; and second, the impact to be produced by the devaluation.

The big question being asked by people in Colombia about the imminent devaluation is what will happen to the trade between the two countries when the bolivar weakens.

And What About Exports?

The Colombian-Venezuelan Chamber of Commerce and Integration conducted a study in which it submits four possible scenarios for the devaluation of the bolivar (see tables), and the effect on the competitiveness of the products exported by Colombia to the neighboring country.

The first scenario is the least drastic one. It assumes that, in December, the dollar will rise from 170 to 230 bolivares, entailing a devaluation of 35 percent.

Under these circumstances, the index for the real exchange rate between Colombia and Venezuela would automatically decline from 126 to 93.

In fact, this means that Colombian products would become 35 percent more expensive on the Venezuelan market—and, at the same time, products manufactured in Venezuela would be cheaper for Colombians.

Understandably, this situation would change the trading conditions. Colombian business owners would be at a disadvantage.

Nevertheless, according to the Chamber's projections, there would be a rapid recovery from the effect of a 35-percent devaluation.

The accelerated inflation existing in Venezuela would put Colombian products in a competitive position again during the course of the first three months of next year.

By March, the exchange rate would again reach 100: that is, the point of parity or balance at which Venezuelans and Colombians are on an equal footing.

The Worst of Worlds

Some analysts believe that the devaluation will not exceed 35 percent this year, while others claim that the market really indicates that the devaluation should be 85 percent. This would mean a leap for the dollar from 170 to 315 bolivares.

A change of this magnitude would mean that the competitiveness of Colombian products would decline by 60 percent. That capacity to compete in Venezuela would take more than a year to be restored.

The most vulnerable sectors would be those for agricultural and agroindustrial products. Colombia's sales would drop, and purchases would increase at a rapid rate.

In 1994, when the Colombian peso was revalued in real terms, and the bolivar was devalued, imports of these products increased 95 percent, exacerbating Colombia's trade deficit with Venezuela.

But Growth...

Obviously, within the next few months the devaluation of the bolivar will intensify the trade imbalance between the two countries (by July of this year, Venezuela's sales exceeded its purchases by $365 million).

Nevertheless, what should matter most to Colombia in the medium term is the recovery of its neighbor's growth rate and the improvement of Venezuelans' purchasing capacity.

In the Chamber's study, it is shown that there is a very close correlation between the growth of the gross domestic product [GDP] and the performance of Colombian exports (see tables).

It is made clear that a sharp decline in the GDP generates stagnation in sales to Venezuela, owing to the obvious reduction in demand.

Monica Lanzetta, president of the Colombian-Venezuelan Chamber of Commerce and Integration, commented: "We believe that there is now a turning-point in Venezuela's situation: That is, the end of the crisis is already appearing. And this would indicate that the predictions for 1997 are not so bad."

Venezuela's growth declined 3.3 percent in 1994, and this year it will probably have a positive result. According to the Central Bank of Venezuela, the economy grew 1.1 percent during the first half of 1995.

Although this result is explained by the fact that oil-producing activity grew 7.7 percent (the industry had declined 2.6 percent), in any event a slight recovery is now evident. In other words, when a year has elapsed, there may be "white smoke" appearing in the Venezuelan crisis.

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What We Import (10 products with a major percent)

Product	Value in US$ millions	Percent of the total
Gasolines	73.7	10.6
High-range vehicles	51.7	7.4
Freight vehicles	20.9	3.02
Aluminum	17.2	2.5
Aluminum alloys	17.0	2.46
Low-range vehicles	14.8	2.14
Fertilizers	14.4	2.08
Polymers	14.2	2.05
Rice	14.1	20.4
Sheet metal	13	1.88
Subtotal	251.0	36.2
Total imports, Jan-Jun	692.0	100.0

What We Sell (10 products with a major percent)

Product	Value in US$ millions	Percent of the total
Sugar	27.1	6.84
Polymers	10.7	2.70
Cotton	8.2	2.07
Other polymers	8.0	2.03
Hides and skins	7.0	1.76
Shampoo	5.1	1.24
Cotton piece-goods	5.0	1.27
Medicines	5.0	1.25
Colored piece-goods	4.8	1.22
Pants-shorts	4.5	1.14
Subtotal	85.4	21.5
Total exports, Jan-Jun 95	396.2	100.0

Death Threat Drives Cali Prosecutor Out of Country

PA2611155995 Mexico City NOTIMEX in Spanish 1735 GMT 24 Nov 95

[FBIS Translated Text] Santa Fe de Bogota, 24 Nov (NOTIMEX)—Judicial sources reported today that Miguel Munoz, regional prosecutor in the city of Cali, has left the country after having received death threats from the drug trafficking mafia.

According to the report, Munoz was taken abroad after the U.S. DEA uncovered a plan to kill him.

Spokesmen for the Prosecutor's Office reported that the U.S. agency intercepted telephone calls in which a drug trafficker gave the order to kill the Colombian official because of the legal actions he has taken against members of the Cali Cartel.

Munoz was a key element in the Colombian authorities' battle to capture the top chiefs of the mafia organization—the Gilberto and Miguel Rodriguez Orejuela brothers.

The report on the interception of the mafia calls and the discovery of the plot was delivered by U.S. Ambassador Myles Frechette to Prosecutor General Alfonso Valdivieso.

The criminals had planned to activate a car bomb somewhere along the route Munoz took daily from his residence to his office.

The source said that the regional prosecutor and his closest relatives had gone abroad and that other relatives of the official would receive special protection.

Helmer Herrera Buitrago, the only Cali Cartel chief who remains a fugitive, has been blamed for the plan.

From June to August, three of the top chiefs of the cartel—the Rodriguez Orejuela brothers and Jose Santacruz Londono—were captured, and another three surrendered to the authorities.

Botero: Campaign Money Deposited in U.S. Banks

PA2811022495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 28 Nov 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The attorney of Former Defense Minister Fernando Botero Zen, who has been under arrest at the Cavalry Academy [Escuela de Caballeria] for the past few weeks insisted today that his client does not want to obstruct the work being done at the

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Prosecutor General's Office and provided information on his bank accounts in the United States.

Botero said through his lawyer today that $1 million for the presidential campaign were in fact deposited in his bank accounts in the United States, but the funds were given by Colombian companies linked to the industrial sector.

[Begin Botero's attorney, Manuel Corredor, recording] It was Dr. Botero himself, who mentioned the bank accounts. If he would have wanted to conceal his accounts and prevent them from being made known, he would not have mentioned them. It would have been absolutely easy for him to refuse or to refrain from mentioning his bank accounts and would have created greater difficulties for investigators. [end recording]

According to Corredor, the bank accounts in the United States belong to Botero's entire family, therefore, he demands the privacy and confidentiality of the transactions and that they be used for judicial purposes only because if they are revealed to the public opinion, his family could be at risk.

[Begin Corredor recording] It is not advisable to reveal these bank accounts in a violent country such as ours. [end recording]

Botero's lawyer said documented evidence has already been submitted, which deny some of the statements made by former campaign treasurer Santiago Medina.

Congressmen Deny Involvement in Case 8000

PA2511020095 Santa Fe de Bogota Inravision Television Canal A in Spanish 0000 GMT 25 Nov 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Several congressmen, who yesterday were mentioned as involved in Case 8000, today denied the charges and said the accusations against them are an outrage.

The congressmen who were reportedly involved in the information leak of Case 8000, whose evidence has been sent to the Supreme Court of Justice, today expressed their opinions.

[Begin recording] [Accusations Commission President Mario Rincon] This is an ill-intentioned accusation, intended to strip the Accusations Commission of its credibility.

[Liberal Party deputy Hernando Suarez] I am willing to testify before any proper official of the Colombian administration of justice. My actions have been clear, serious, and clean. [end recording]

Senator Samuel Moreno also appeared at the Supreme Court of Justice today. In a communique, he said that he is not being investigated for reported links to the Cali Cartel.

Medina's Testimony, House Arrest Discussed

96CA0055A Santa Fe de Bogota SEMANA in Spanish 14 Nov 95 pp 38-43

[FBIS Translated Text] The measure was received as a complete shock by extensive sectors of the public. Santiago Medina, the leading participant in Case 8000, was to obtain the benefit of house arrest. Considering the fact that the ex-treasurer of Ernesto Samper's campaign is perhaps the most controversial figure in recent years, and his residence, with an indoor pool, is among the most luxurious in Bogota, the decision of the Prosecutor General's Office left many astounded. Alfonso Valdivieso's popularity had created the impression that everything being done by the prosecutor general would be well received. But sending Medina home, based on a document signed by Valdivieso himself, seemed too much. Or, worse still, it could be interpreted as indicating that the Prosecutor General's Office was taking sides. Alfonso Valdivieso was aware that all this would happen, and he was willing to take the "beating." He adopted the measure in Medina's favor for juridical and strategic reasons. However, there is no doubt that the most influential ones were the latter.

What were the juridical considerations prompting the adoption of such a decision? As the prosecutor general stated in many interviews with the news media, Medina's cooperation had proven "effective" (see box). The unadulterated truth is that, without Santiago Medina's confession and informing, there would have been no Case 8000. And, in view of the fact that this is the greatest scandal in Colombia's contemporary history, the Prosecutor General's Office was willing to give proportional compensation to the key element in the investigation.

Medina is no less guilty than any of the individuals on whom he informed, but the negotiating power of the Prosecutor General's Office is intended for making compromises with criminals. The requirement for obtaining benefits is not to be innocent, but rather to collaborate with the justice system in resolving the case. And, except for Medina, none of the accused have admitted any responsibility to date.

Nevertheless, giving Medina house arrest was not mandatory, much less at this time. It means that there are weighty strategic considerations underlying the prosecutor general's decision. On the one hand, he wants to send a message to the others associated with

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the proceedings, making it clear that things will go well for anyone who confesses, and that the difference between denying everything and accepting responsibility could be very great. For prominent individuals such as Eduardo Mestre and Alberto Giraldo, who claimed in the Prosecutor General's Office that the money received from the Rodriguez Orejuelas was for the sale of pictures and carpets, the message is direct: choose between the carrot and the stick.

However, the prosecutor general was sending a message not only to those accused, but also to the public. The agreement signed personally by Valdivieso with Santiago Medina was a very clear signal that the Prosecutor General's Office was backing the ex-campaign treasurer's testimony, and hence would be acting accordingly. Generally speaking, Medina had succeeded in proving the veracity of all the incidents in which he had been a leading participant: in other words, those relating to the receipt and distribution of the Rodriguez' money. His story "skimmed over" incidents in which he had not participated directly, but rather on which he had heard accounts from third parties (see box). Despite this, the Prosecutor General's Office considered the former more important than the latter; and, therefore, it signed the agreement. This meant that the investigative period was over, and that of the findings was approaching.

The prosecutor general had always claimed that, during December, he intended to close the investigation, pass judgment on the proceedings, and bring those responsible to trial. By so doing, he would attempt to reveal to the country and the world the findings of Alfonso Valdivieso and his team of prosecutors regarding what really happened during Ernesto Samper's presidential campaign. Since everyone had speculated so much on this scandal, many forgot that one of the few who had not yet spoken out was the prosecutor general: the person responsible for passing judgment in the accusatory phase. After a year of investigations, the agreement with Medina was a signal from the prosecutor general that this time had come.

It would also indicate that the prosecutor general is creating a climate in the country for a verdict of conviction. Otherwise, it would not make sense to have created the report of the house arrest, the real purpose of which is to underscore the truthfulness that the Prosecutor General's Office attaches to Medina's testimony.

What does a verdict of conviction mean? Since the prosecutor general has no authority to judge the president, because that is the prerogative of Heyne Mogollon, the brunt of the blame will probably be left on ex-Minister Fernando Botero's head. It is predictable that the Prosecutor General's Office will certify that the sums of money mentioned on the "narco-cassettes" did, in fact, enter the presidential campaign. Although there is not a single document bearing Botero's signature, the accusatory resolution will argue that, based on many different testimonies, no important decision was made without his approval. There is also the testimony from Medina, claiming that the receipt and distribution of the cash money from the Cali Cartel took place with Fernando Botero's authorization.

This combination of factors would suffice for the Prosecutor General's Office to ratify the charges against the ex-defense minister and to summon him to trial. These proceedings would last about a year, during which Botero would remain in custody. For him to be released at the end of the trial would require the faceless judge who ruled in the last instance to contradict the juridical theories and evidence of the Prosecutor General's Office. If this does not occur, and the judge accepts or confirms the recommendations from the Prosecutor General's Office, Fernando Botero could be sentenced to a prison term fluctuating between six and eight years of real time. Since he has absolutely denied all the charges against him, he would not benefit from any reduction in sentence.

All the foregoing means the 8000 proceedings, which have obsessed Colombians for a year, are a month away from their termination. They will end with the likely summons of Eduardo Mestre, Alberto Giraldo, Juan Manuel Avella, and at least one of the three Murcillo brothers to trial. But the main defendant, the one on whom the public's attention will be focused, is Fernando Botero, who could even be accused of being the one primarily responsible for the charges of hot money in the last presidential campaign.

This is a result that will not be automatically assimilated by everyone, particularly by Botero himself, and his family. The capture, directed by him, of nearly all the Cali Cartel chiefs is now a chapter from the past associated with the image of General Rosso Jose Serrano. The grace with which the ex-defense minister handled his resignation is a thing of the past. If he had remained in the ministry, he would have been judged by the Supreme Court and not by the faceless justice system. The interpretation that the court might have made of his case is not known, but what could certainly be guessed is that nothing worse could have happened to him.

Another card played by Botero was that of his loyalty to the president. At first, this generated sympathy for him from many sectors. Now, however, this factor will end up proving detrimental to him. The situation has

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reached the point where the only way in which the president could be innocent is if Botero were guilty. And the one who was elected president of the republic was not Botero, but rather Samper. Hence, although the relations between the two have been excellent thus far, this blind alley threatens to split them. The answer given by the president last week to a question from Andres Pastrana as to what he would do if the entry of money from the drug traffic into the campaign were proved must not have seemed neutral to Botero: "Well, the one who must pay with imprisonment will have to pay with imprisonment, and the one who must leave my government will leave the government."

All the preceding does not mean either that Botero is innocent or that the president is guilty. But it does leave the impression that Case 8000 ended as a highly complex episode in which nothing is black and white. Nevertheless, what may be predicted hereafter is that, with the investigation closed, the preliminary results will surely be black and white. Santiago Medina will celebrate the coming New Year in the pool at his mansion; the president, at the Cartagena Guest House; and Fernando Botero, in jail.

[Box, pp 40-41]

What Medina Was Able To Prove

Those with first-hand knowledge of Case 8000 do not hesitate to claim that, without Santiago Medina's cooperation, the investigation of the alleged presence of hot money in the last electoral campaign would be virtually stalled. Those same sources admit that, even without the testimony to be given within the next few days by Guillermo Pallomari, the Cali Cartel's accountant who surrendered to the DEA, what Santiago Medina reported is sufficient to close the case. Sources close to the proceedings claimed that, to date, over 60 percent of the content of Medina's confession has been confirmed.

Based on various sources, SEMANA managed to obtain a complete picture of the principal evidence presented by the Samper campaign's ex-treasurer, which was subsequently confirmed by the investigators. The truthfulness of his testimony and the validity of the documents submitted served to prompt the prosecutor general himself to sign an agreement in which he acknowledged the effectiveness of the cooperation given to the justice system by Santiago Medina:

- Through the testimony of the majority of regional treasurers, it was proven that, a few days before the presidential run-off election, they were summoned to the campaign headquarters in Bogota, where they were given packages containing money in cash intended for the departments. The treasurers also admitted having signed receipts attesting to the reception of the funds. When the amounts delivered were added, Medina attached vouchers showing the distribution of 3.45 billion pesos in cash. According to the Prosecutor General's Office, this fact proved that Medina was telling the truth when he claimed that large amounts of money in cash entered the campaign for the run-off election.
- The unsworn statement taken from Juan Manuel Avella, the campaign's administrative manager, served to prove Medina's claims that, at the end of the first presidential vote, there was a meeting at which they told Fernando Botero that the campaign's spending had exceeded the sum of 4 billion pesos. And, what was worse, they said that the campaign's deficit for the run-off election was enormous, and there was no money.
- The investigators confirmed, as Medina had claimed, that the campaign mobilized funds in dollars through certain bank accounts abroad. According to the Prosecutor General's Office, which has not yet received the information from three New York banking entities, the fact that Botero himself has admitted that he actually handled dollars for the campaign, through accounts in the United States, is sufficient for the present.
- The capture of the Caldas congressman, Rodrigo Garavito, at the Supreme Court's order, proves Medina's claim that certain regional leaders of the Samperist movement traveled in person to Cali to receive money from the cartel. These assertions also were corroborated by Guillermo Pallomari, at the informal meeting that he held in Tampa with two Colombian prosecutors at the end of last August.
- The unsworn statements of Fernando Botero and Juan Manuel Avella made it possible to confirm Medina's statement regarding the manner in which Ernesto Samper's campaign was being operated, both administratively and financially.
- Thus, the investigators determined that the campaign's highest-ranking directors were apprised of how the funds procured by the treasury were being obtained and distributed.
- Through over 70 percent of the original documents submitted by Medina, the investigators determined that, in the Samper campaign, two parallel accounting systems were operated: the one that was presented to the Electoral Council, and another, containing contributions in dollars, checks, and cash, which were not included in the account books.

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- Through the numbers of receipts and reservations at the Hotel Intercontinental in Cali, the investigators also confirmed Medina's claims that he had to travel to Cali together with Alberto Giraldo to obtain (as he stated) the cartel's support for paying the advertising expenses of the run-off presidential election.
- Based on Medina's testimony and the large volume of evidence compiled by the Search Task Force during the raids against the Cali Cartel, the investigators no longer doubt that the "narco-cassettes" that were circulating two days after the run-off presidential election are authentic. According to certain judicial sources queried by SEMANA, throughout the proceedings the identity of each and every one of the persons mentioned by Alberto Giraldo and Miguel Rodriguez Orejuela during their dialogue has now been fully established.
- The investigators obtained a copy of the list of special guests at President Samper's inauguration in August of last year. Appearing on it is the name of Mrs. Elizabeth Montoya de Sarria, who is now under investigation for illicit amassment of wealth, and who, as Medina claimed, was present at Narino House that day. Also identified is the official who picked her up in an armored car at her home in northern Bogota.

[Box, pp 42-43]

What Medina Was Unable To Prove

Santiago Medina's greatest mistakes in proceedings 8000 have been due to statements made by him which, he now admits, were drawn up after he had heard them from third persons. Sources queried by SEMANA claimed that, following a review of the Samperist ex-treasurer's complete confessions, there is no doubt that Santiago Medina faltered with regard to anecdotal information: that is, with regard to things that were not actually known to him. Following are some of the main inconsistencies discovered after the investigators undertook the task of corroborating the testimony given by Medina after his capture:

- Thus far, the investigators have not found any traces of the presumed meeting claimed by Medina to have been held by Ernesto Samper, Eduardo Mestre, and Alberto Giraldo in Madrid (Spain), during May 1993, involving what was called the Recoletos Pact. According to the as yet unconfirmed report, the attendees planned the strategy to finance Samper's presidential campaign. Nor have the investigators found the alleged photograph that was circulated on the site, supposedly recording the occasion when the three persons were holding a dialogue.
- During the expansion of the unsworn statement, Santiago Medina himself retracted his claim that the journalist, Daniel Samper, had been kidnapped by Pablo Escobar. Medina also corrected his story to the effect that the Liberal candidate, Ernesto Samper, had requested the aid of Miguel and Gilberto Rodriguez in interceding for his brother.
- Another of Santiago Medina's statements that could not be proven is the one concerning Ernesto Samper's trip to the United States after having been seriously injured in an attack at the Eldorado Airport in 1989, on a private plane chartered by the Rodriguez Orejuela brothers. Similarly, the ex-treasurer also was unable to prove that Alberto Giraldo traveled with a suitcase containing dollars in cash to cover Samper's medical expenses.
- There has been no confirmation of Medina's claim that those who delivered the money sent by the Rodriguez brothers to him at his home were Eduardo Mestre and his driver. Mestre flatly denies that story, and the driver has been missing since the day of the capture of Rodrigo Garavito, with whom he had been working a few days earlier. The investigators are seeking the driver like a needle in a haystack.
- Even though the investigators have in their possession a document signed by someone calling himself Nelson Urrego, it has been impossible thus far to prove Medina's claim that Urrego is an individual from Cali of dubious origin, who donated $100,000 to Ernesto Samper's campaign. The fact is that this prominent person, owner of many properties in San Andres, has not appeared.
- Nor has it been proven, as Medina claimed, that General Miguel Maza demanded payment of a deficit of 165 million pesos that he had in his campaign, as a requirement for joining Ernesto Samper's campaign. Medina has not submitted any documents to date that would support this assertion.

Meta Police Commander Reyes Reportedly Discharged

PA2611005095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 25 Nov 95

[Report by Pilar Solano; from the "Cripton Newscast"]

[FBIS Translated Text] The National Police is also experiencing several changes in its high command these days. One of the officers who has been discharged had held the post of commander of the Meta Police and the

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other held the post of commander of the Eastern Llanos unit.

Under strange circumstances, the commander and the deputy commander of the Meta Department police were removed a few hours ago.

[Begin Colonel Ricardo Reyes, Meta police commander, recording] I feel disappointed, surprised, and caught off guard because, although one should be prepared for situations like this, it is not easy to accept a blow like this when it comes. [end recording]

It has been announced that more changes in the Meta Department police will be made in a few hours.

Correction to President Rules Out Allegations

PA2211225295

The following correction pertains to the item headlined "President Rules Out Resignation Allegations," which appears in the 22 November Latin America DAILY REPORT, page 35:

Column one, paragraph one, make sourceline read: Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 22 Nov 95 (adding month and year)

Ecuador

Plebiscite for Constitutional Reform Viewed

Government Admits Defeat

PY2711214795 Quito Voz de Los Andes in Spanish 1700 GMT 27 Nov 95

[FBIS Translated Text] The government has acknowledged its defeat in the plebiscite to reform the Constitution held on 26 November, but it will continue to implement the necessary changes during the nine months left of its mandate, according to an official source.

Carlos Larreategui, public administration secretary general, said that it should be admitted that the plebiscite result has seriously affected the government but it must continue to implement the necessary changes.

The Ecuadorans have massively rejected President Sixto Duran-Ballen's proposed constitutional reforms in a plebiscite during which they had to answer 11 questions that sought deep-rooted changes in the three state branches.

According to an exit poll by the private enterprise Cedatos, the result was about 50 percent against the reforms and 40 percent in favor. The plebiscite was not designed for this government nor would it affect it, as it was planned thinking exclusively of the future.

Larreategui, who denied that the results reflect the government's popularity level, said that the government will continue on the same path that it has been treading on. He added that the plebiscite results by no means reflect the government's popularity level but that, anyhow, it will have dramatic consequences and conclusions. He explained that the main Ecuadoran provinces seriously disagree over the proposed changes. The great difference lies between the coastline and mountainous regions. While the coastline is strongly in favor of a series of changes the mountainous region is not because it is more in favor of the state, of protectionist measures.

Larreategui also admitted that the plebiscite was held at an inopportune moment. He said that the government realizes that it was probably not the most appropriate moment but it was definitely an opportunity, otherwise it would have meant giving up the possibility of change.

Various Sectors React to Results

PY2711214595 Quito Voz de Los Andes in Spanish 1700 GMT 27 Nov 95

[FBIS Translated Excerpt] According to analysts, the Ecuadoran state's modernization process could become even more stagnant with the disapproval of the constitutional reform proposed by President Sixto Duran-Ballen.

Bankers and businessmen have stated that the plebiscite results represent a disapproval of the government's performance rather than a rejection to changes but that these results will affect the privatization process and foreign investments. Carlos Cordero, marketing manager of the Ecuadoran electronic stock exchange, said this result will represent a setback in the entire process, not only in the foreign investments field but also in the modernization process. [passage omitted]

Andres Perez, chairman of the Quito Chamber of Commerce, has asserted that the government headed by conservative Sixto Duran-Ballen is facing a difficult end to his term due to the protest vote cast by the majority that rejected the proposed constitutional reforms. The plebiscite results will make the remainder of Duran-Ballen's term more difficult. [passage omitted]

Andres Perez asserted that the sector he represents, which made an appeal to vote in favor of the 11 questions, feels disappointed by the results of the plebiscite which, according to local analysts, measured Duran-Ballen's current popularity level.

Perez said that they are highly disappointed because the changes in the country will thus be postponed. He added that the only reason for the victory of the no vote is the fact that the plebiscite was held in the midst of one of

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the worst political crisis of this government. [passage omitted]

Deputy Javier Neira, of the Social Christian Party, asserted that the people have voiced their opposition to the government that summoned a plebiscite without realizing that the people repudiate this administration. The result of the plebiscite reflects the feeling of the people who have no other way of expressing their opposition to the government, Neira told EFE. He asserted that the executive branch must now strictly respect the peoples' mandate and the defeat even if it represents a frustration in the attempt to reform the Constitution. [passage omitted]

Ecuadoran Congress Chairman Fabian Alarcon thanked the people for voting in Congress' favor because question No. 5 referred to its dissolution. Therefore, the victory of the no vote rejects this question and possible reform.

Alarcon also said that Sixto Duran-Ballen should continue in his post. He said he was against a Constituent Assembly because the president was elected for a four-year mandate and must continue in his post.

He requested, however, that the president immediately abrogate the article of the secret decree making him single custodian of the microfilms. [passage omitted]

'No' Vote Seen as 'Punishment'

PY2711164295 Madrid EFE in Spanish 0018 GMT 27 Nov 95

[FBIS Translated Text] Quito, 26 Nov (EFE)—The most important Ecuadoran politicians have said the victory of the "no" vote in the plebiscite today, seeking to introduce reforms in the Constitution, comes as punishment for the conservative administration of President Sixto Duran-Ballen.

The Cedatos company carried out an exit poll at 108 sites, 25 of them in cities. The findings show a considerable majority of the 55,000 consulted voted "no."

Ex-President Leon Febres-Cordero (1984-1988) said the "no" vote did not answer the questions in the plebiscite, it was a reaction against the Duran-Ballen administration.

"It was a 'no' vote against the government. This is very serious because a plebiscite is the best way for the people to decide on their future," said Febres-Cordero who added that the people did not answer the questions in the plebiscite.

He also noted that the plebiscite was not timely in light of the proximity of the general elections to elect a new president.

He added that the "no" note in the plebiscite came in response to a government which "will conclude its administration in only nine more months, and which is quite worn out."

Febres-Cordero believes the government should have never included such important issues in the plebiscite and this is why, based on the latest figures, "it is paying for its foolishness."

Presidential candidate Jaime Nebot of the opposition Social Christian Party (PSC), who voted "yes" to 10 of the 11 questions, said the people voted "no" at the plebiscite because the government did not inform the people, it only "sought to impose" ideas.

"The information tired the people, it did not inform, and the people were confused," said Nebot who, according to the polls, has the best chance of replacing Duran-Ballen.

Presidential candidate General Frank Vargas of the Ecuadoran Revolutionary Popular Action (APRE) said the result is a "'no' to the system, to the rightist proposal which, in compliance with international interests, seeks to auction the country."

"This is a 'no' to the corrupt way of managing the people's rights," said Gen. Vargas, who added that the result should be "the basis on which to carry out the profound changes the country needs."

Vargas agrees with ex-President Rodrigo Borja (1988-1992) that President Duran-Ballen should resign over the scandal which broke three months ago and which caused ex-Vice President Alberto Dahik to run away.

"He must resign if he wants to help the country, or call for elections ahead of time because the country is going bankrupt," said Vargas who added that now is the time "to defend democracy because our future is not being protected, on the contrary it is being given away to foreign interests."

Public Administration Secretary General Carlos Larreategui does not believe the result of the plebiscite is "punishment" for the government, as reported by local political analysts.

Larreategui said results cannot yet be announced because the exit polls are "a very superficial analysis that are not official but which show a trend."

The Cedatos company was contracted by the presidency to carry out an exit poll at the voting stations and to make a projection.

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The Supreme Electoral Board will not have official information on the plebiscite until at least 10 days.

Oversight of Plebiscite

PY2511004195 Quito Voz de Los Andes in Spanish 1700 GMT 24 Nov 95

[All names rendered phonetically]

[FBIS Translated Excerpt] The administration has implemented a vast operation to ensure the cleanliness of the 26 November plebiscite, which seeks to reform the Constitution. A group of international observers arrived in Quito last night to guarantee the cleanliness of the plebiscite, while the Army and the police have mobilized those troops that will be in charge of safeguarding polling stations and election material.

Ecuadoran officials have guaranteed the cleanliness of the plebiscite after giving assurances that the members of the international observers commission will be offered all facilities to visit the different provinces where the plebiscite will be held.

The international commission is comprised of Patricio Fajardo, representative of the International Foundation for Electoral Systems [Fundacion Internacional Para Los Sistemas Electorales de Chile], from Chile; Carlos Durruti, member of the Uruguayan Electoral Court; Fernando Mayorga, member of the Colombian National Electoral Council; Luis Cordero, member of the Election Assistance Center [Centro de Asistencia Electoral, CAPEL]; and Francisco Sanabria, representing the European Community.

It has been officially reported that prior to the plebiscite, the international commission will hold meetings with Ecuadoran political leaders to hear their opinions about the holding of the plebiscite.

Moreover, the police have deployed more than 17,000 troops to control the streets near polling stations, while other police groups will be devoted to enforcing the so-called dry law. According to this law, Ecuadoreans are not allowed to consume liquor from this Friday until 1700 local Ecuadoran time on 26 Novmber.

According to a communique issued by the Supreme Electoral Tribunal [TSE], the plebiscite operation plan, which will be enforced in conjunction with the Armed Forces and TSE officials, will encompass three phases: preventive measures, control during voting, and support after the plebiscite.

Furthermore, military and police intelligence officials will be in charge of guarding TSE officials and the members of the international observers commission.

In addition, as of 24 November, the Armed Forces will proceed to transport to the various provinces such electoral material as voting registries, ballots, and the like.

According to a Defense Ministry communique, on the day of the plebiscite the Armed Forces will be in charge of safeguarding the cleanliness of the voting process. Once the voting has ended, it will also safeguard the vote counting process. After this is done, the properly sealed vote tally records and the ballot boxes containing the votes will be transported to the TSE office which will be responsible for issuing the results.

According to a TSE member, the cost of the entire security operation totals 400 million sucres, about $142,000. TSE spokesman Edwin Guerrero said that the contract signed with the Police to safeguard the cleanliness of the entire plebiscite process totals 400 million sucres. [passage omitted]

Commentary on 'Controversial' Issues

PY2511003095 Quito Voz de Los Andes in Spanish 1700 GMT 24 Nov 95

[FBIS Translated Text] On 26 November Ecuador will hold a plebiscite on a constitutional reform package that seeks to implement an exhaustive state reform. Among other things, these reforms seek to depoliticize the justice system, modify the election of deputies, allow the disruption of congress only once in a presidential term, and permit the participation of private enterprise in strategic state areas.

According to what President Sixto Duran-Ballen has said, these reforms center on those institutions which, because of their ineffectiveness, politicization, and corruption, have undermined the development of Ecuador.

The plebiscite encompasses 11 questions, and some of them have divided Ecuadoreans. Rightist parties and business and financial groups are in favor of the yes-vote, while unions, leftist parties, and indigenous groups support the no-vote.

Business and financial groups hope that Ecuadoreans will vote in favor of the operation of the Public Pension Funds Administration board [AFP] to make the economy, which has been affected by political factors, more dynamic.

Mario Lopez, the stock market general manager, has said: This is a very good deal. I believe local markets hope that AFP's will be allowed to operate because it will promote the development of economic markets and restore confidence, thus promoting medium- and long-term investments.

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These questions and the issue of whether to allow the president to disrupt Congress only once during a presidential term are the most controversial issues. None of these reforms are foreseen in the current Constitution.

Opinion polls have established that 81 percent of Ecuadoreans are in favor of being allowed to choose the social security system that best suits them, but the real situation is quite different. [sentence as heard] Moreover, 55 percent of those polled agree that the president should be allowed to disrupt Congress only once during a presidential term and should immediately summon congressional elections.

Furthermore, the plebiscite will allow Ecuadoreans to give their opinion about the establishment of a judicial national council which seeks to safeguard the independence of the judicial system and eradicate political interference from the judiciary. However, it is political organizations such as the presidency, Congress, and political party representatives that will be responsible for appointing the members of the judicial national council. Duran-Ballen has repeatedly stated that this is one of the key issues encompassed in the plebiscite. All of us are quite aware that the judicial system in Ecuador continues to be handled by political groups. The president recently said: This is one of the key issues that [words indistinct]

Ecuadoreans will also be questioned on whether to allow public servants to strike and whether they should be punished if they strike. They will also be questioned on whether the budget should take into account the needs of the provinces.

Some experts have stated that if all the issues included in the plebiscite obtain a majority of yes-votes, it will benefit the country but not the Duran-Ballen administration because these measures would be implemented only in the next administration. However, they believe that the current administration has made a great effort to improve its image, which has been harmed by the recent political crisis.

Andres Perez Espinoza, president of the Quito Chamber of Commerce, said recently: It must be acknowledged that the Duran-Ballen administration will exploit a yes-vote victory in its favor as evidence of its popularity, which has been undermined recently.

Police Establish Special Antinarcotics Force

PY2511015895 Quito Voz de Los Andes in Spanish 1700 GMT 24 Nov 95

[FBIS Translated Text] The Ecuadoran police have established a Special Antinarcotics Mobile Police Force, GEMA [Grupo Especial Mobil Antinarcoticos], to combat drug trafficking and related crimes in Ecuador, which is considered a transit country for drug shipments coming from Colombia and Peru and destined for the United States and European countries.

GEMA is comprised of trained counternarcotics officers. It was established with funds seized from drug trafficking rings disrupted by the Ecuadoran police in conjunction with the DEA.

According to the National Council for the Control of Narcotics and Psychotropic Substances, although Ecuador is not a drug producing country it is described as a transit country for drugs produced in Colombia and Peru, which border Ecuador.

Paraguay

Accord With Argentina on Power Plant Privatization

PY2511020195 Asuncion NOTICIAS in Spanish 24 Nov 95 pp 22-23

[FBIS Translated Excerpt] At the Foreign Ministry, the Paraguayan and Argentine governments have signed an agreement with three annexes on the participation of the private sector in the Yacyreta Binational Agency's works and services.

The agreement was signed by Paraguayan Foreign Minister Luis Maria Ramirez Boettner and Nestor Enrique Ahuad, Argentine ambassador to Paraguay. The signing of this agreement yesterday finalizes a period of long technical and diplomatic negotiations between the two countries.

The agreement establishes that, through an international bid, the two countries will sell to private companies all the energy generated by the Yacyreta hydroelectric power plant over a 30-year period. With a 14-percent discount rate, the contract involves about $18 billion. The agreement also includes benefits for Paraguay and a bonus on energy sales over $0.037 per kilowatt-hour. Annex 1 establishes technical and financial specifications, Annex 2 includes Argentina's debt timetable ($7.8 billion), and Annex 3 establishes a mathematical formula to calculate the energy that the power plant could generate.

Both the Paraguayan foreign minister and the Argentine ambassador agreed in stating that the agreement was negotiated with a generous spirit for the benefit of the two countries, making it attractive for the prospective concessionaire who will handle the energy sales and complete the missing power plant's works and complementary works.

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As long as it remains in effect, the aforementioned agreement suspends any Yacyreta Treaty clause that disagrees with it. The agreement will become effective after the respective confirmations are exchanged. It will be effective for a 30-year period as of the signing of the reception certificate, effectively incorporating the private sector into the Yacyreta works and services.

The Foreign Ministry Treaties Directorate points out that the transfer of the Yacyreta works and services to private hands for a 30-year period contemplates the completion of all the Yacyreta project works, raising the water level to 83 [meters above sea level], which represents the highest energy output level.

Agreement has also been achieved on the technical and financial aspects. The two Yacyreta partner countries will achieve advantages. Transfer of the Yacyreta power plant to third parties will favor both Paraguay and Argentina. This transfer will also be attractive for the private enterprises that will participate in this partial privatization for a fixed period of time.

Interior Minister Diogenes Martinez, Paraguayan Yacyreta Director Joaquin Rodriguez, Paraguayan Itaipu Director Miguel Luciano Jimenez, Energy Vice Minister Jorge Octavio Lamar, and experts Victor Jimenez and Miguel Angel Arias also participated in the signing ceremony.

Lamar said yesterday they [not further specified] delivered the agreement to Congress. Congress now will review the agreement and either approve or reject it. [passage omitted]

Peru

Fujimori Vows Support for Opposition Lima Mayor

PY2711170895 Lima EL COMERCIO in Spanish 14 Nov 95 p A4

[FBIS Translated Text] President Alberto Fujimori confirmed yesterday that the national government will support the city of Lima, stressing, however, that preferential attention will be given to the poorest suburban districts.

The president met with the newly elected Change 90 New Majority mayors in Metropolitan Lima at Government Palace. He told them: "Of course we will support the poorest districts where, regrettably, we did not win. The people must be the winners after an election. This is why we will enhance, not detract from the elected mayor's efforts."

Among those present were Mayor-elects Enrique Pajuelo of Ate-Vitarte, Luis Suarez of San Juan de Lurigancho, Oscar Sucila of San Luis, Felipe Castillo of Los Olivos, Rafael Chacon of Villa Maria del Triunfo, Julio Saldana of Comas, Maria Vergara of Chaclacayo, Milton Jimenez of Puente Piedra, Adolfo Ocampo of San Juan de Miraflores, Oswaldo Weberhofer of Lurin, and Jose Vidal of Independencia.

Fujimori, as head of the alliance Change 90-New Majority, called on each of the new elected authorities to head an honest administration and to show the will to work for their respective communities, particularly for the less-protected social sectors.

The president did not hide his satisfaction for the state of order and tranquility that prevailed during the election. He said: "These were exemplary elections, proof that we have totally recovered our democracy."

He said: "An additional demonstration of our newly recovered democracy is the fact that the elected mayor does not belong to our movement, even though he thinks like us." Journalists accredited to Government Palace were not allowed to cover the meeting.

Fujimori—standing beside Jaime Yoshiyama, former ruling coalition candidate for Lima City Hall—talked about Yoshiyama's appointment as new minister of the presidency, stressing that he "will add our efforts to those of new Mayor Alberto Andrade to benefit the entire population."

The president said: "We will make a complementary effort. We will add our efforts with a social purpose within the framework of the crusade against poverty, which is a task that affects us all."

Fujimori closed his speech pointing out "independents have control of the entire political spectrum, completely leaving aside political parties."

"We must not hide this reality, which deserves more than one interpretation of what is happening in Peru and its democracy," the president concluded.

Finance Minister on State Reform, Country's Debt

PY2211192795 Lima EXPRESO in Spanish 15 Nov 95 p A26

[Responses by Finance Minister Jorge Camet to questions by unidentified EXPRESO correspondent during a news conference in Madrid; date not given—passage between slantlines corresponds to EXPRESO correspondent's comments]

[FBIS Translated Text] [EXPRESO] What are the pending issues the finance portfolio intends to tackle?

[Camet] We have to enhance the reforms undertaken so far, study the Water Act, and the issue of forestry.

[EXPRESO] Does the State reform contemplate a merger of ministries?

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[Camet] The State still has an exceedingly large number of employees on the payroll, which we will have to whittle down. We must implement something along the lines of a retraining program to train supernumeraries as it is not only a question of giving incentives.

[EXPRESO] What labor taxes having a bearing on production in general do you intend to reduce?

[Camet] We are analyzing how and in what degree we will eliminate the current labor costs overrun. This is all I can say for the moment. We have asked the Peruvian Institute of Economics to take charge of the technical aspect of this issue.

[EXPRESO] Some weeks ago, you met with representatives of Confiep [National Conference of Private Businesses] and promised them that tariffs would not be reduced. Now you are talking about the need for tariffs to get to 10 percent "at some time." When will this happen?

[Camet] That is an erroneous information. I did not promised anything whatsoever to businessmen because our immediate program does not contemplate a modification of tariff levels. The only thing I did was to remind them of that, which was something businessmen already knew. I also told them that that possibility (a tariff reduction) was not on the horizon. We do not negotiate pacts with businessmen.

/Asked whether or not Peru repurchased part of its debt with private banks, the finance minister declined to reply and only pointed out that the debts incurred by government-owned enterprises and assumed by the state "have been included in the Brady package, and therefore, we are going to repay them at a discount. Therefore, no attachment can be issued against those state-run companies." He added that repayment mechanisms will be included in the "term sheet" [two preceding words in English] that is being drawn up with creditor banks./

[EXPRESO] What are benefits of the Brady Plan for the man in the street?

[Camet] The Brady Plan has to do with macro aspects while the man in the street is interested in micro aspects; he perceives other benefits that he greatly prizes, like security and the absence of inflation.

[EXPRESO] Peru is to reschedule its debt with the Paris Club in April 1996. What position will our country maintain?

[Camet] That is still far away. We still have to analyze that.

[EXPRESO] Before the rescheduling of the debt with the Paris Club, will Peru sign a new agreement with the IMF?

[Camet] Yes, we have invited the IMF, which is an international auditor, to negotiate another Extended Fund Facility (a three-year program) once the present one expires this year. We will sign a new agreement with the IMF in 1996, which may have a duration of one, two, or three years.

[EXPRESO] The BCR [Central Reserve Bank] president has acknowledged that Peru's GDP is inflated by some 20 percent and consequently, that the tax burden is 18 percent rather than 13 percent as we are made to believe...

[Camet] Even so, that is a much lower percentage than the one prevalent in Chile or Argentina, which stands at 21 percent. We are not in a position to lower taxes, but we can fight tax evasion. There will come a moment in which we will know the truth about economic indicators. We are working on a new GDP basing ourselves in the figures for 1992.

[EXPRESO] Will the tax holiday be extended until December in the jungle region?

[Camet] We are studying that subject because the problem of that region is that it lacks means of communications.

[EXPRESO] Finally, Mr. Camet, what are you going to do when you retire?

[Camet] I will take up farming.

Army Troops Tighten Siege Against Feliciano

PY2711233495 Lima EL COMERCIO in Spanish 12 Nov 95 p A5

[By special correspondent Ali Alava Merino]

[FBIS Translated Text] Ayacucho—Approximately 25 Army patrols from the Huamanga Front have practically surrounded the zone between Vizcatan and Huanta, where Red Path leader Oscar Alberto Ramirez Durand, aka Feliciano, is supposed to have sought refuge.

Resolute soldiers have received precise instructions to capture Feliciano dead or alive.

Various skilled detectives of the National Counterterrorism Directorate have arrived in Ayacucho to reinforce the investigation and intelligence tasks designed to determine the place where Feliciano sought refuge. They have immediately started to analyze the case.

Capilla Operation

Meanwhile the so-called Capilla Operation continues under the direct leadership of Huallaga Front Chief General Tomas Marky Montero and his staff. The

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aforementioned operation which is mainly designed to capture Feliciano, the country's most wanted terrorist, started nearly one month ago and will probably end after the municipal elections. Further actions will be taken to analyze the results of the operation, to outline new operational procedures, and to resume the operation to capture him.

The gathering of important intelligence information, and the confiscation of revealing Shining Path documents have made the Huamanga Front military strategists to fully realize that Feliciano has sought refuge in the Vizcatan region, and that the military patrols are on Feliciano's trail.

"It is a matter of days," the military men said with a contagious optimism that has even reached the steps of the Government House.

But other military men, who are experts in the terrain, have stated that it is not easy to deploy the troops, and consequently the search has thus far become sterile.

Twenty-Five Patrols Deployed

However, nearly 25 military patrols have been deployed in the zone to search for that evil character. They comprise young soldiers, most of them born in Ayacucho and accustomed to tolerate the local climate.

The patrols belong to the countersubversive battalions No. 1 from Huanta (Ayacucho); No. 42 from Pichari (Cusco), and No. 43 from Pampas (Huancavelica). They have surrounded Feliciano and his accomplices, including the members of his security guard and his "supporters."

Elite Troops from the Second Los Linces Special Countersubversive Company of the Ayacucho-based Cabitos barracks were also deployed.

MI-17 and Bell Twin 212 helicopter gunships from the Army and the Peruvian Air Force have helped in the deployment operation.

The continuous flights of these helicopters that a few months ago fought in the Condor mountain range against the Ecuadoran invaders are transporting the soldiers to these inhospitable places, where "life is worth nothing."

After days and in keeping with the military tactical plans, the patrols are either withdrawn or sent to other places to carry out commando-type actions. They entail a number of risks as the knocking down of helicopters by the subversives or the infallible mechanical failures that have claimed the lives of many people.

Thus, the operations are under way, the siege continues to be tightened, and for some people the fate of Feliciano is still uncertain, but for the military men "the die is practically cast."

Military Involvement in Drug Trafficking Viewed

PY2411134295 Lima LA REPUBLICA in Spanish 8 Nov 95 p 6

[Commentary by Mirko Lauer From the "Observador" column: "Cleaning the Coca Record"]

[FBIS Translated Text] The U.S. law that forbids military aid to Peru for the counternarcotics struggle is in itself an opinion on the relationship between the Peruvian military and drug trafficking. We usually hear that individual crimes do not affect the institution, but the argument collapses when you consider that the individuals are many and the institution is hierarchical.

The Peruvian Armed Forces have recognized that drug traffickers have infiltrated its ranks. At some point [Armed Forces Joint Command Chairman] General Nicolas de Bari Hermoza even talked about 100 persons being punished for this crime. But, except for one or two cases, the involvement of the military in drug trafficking was a family secret, a well-known fact, but deliberately anonymous.

The way the drug trafficker nicknamed Vaticano (who was captured by Colombian Police) was dragged to the secrecy of military barracks only to reappear virtually incapacitated to testify has been interpreted as a shameless attempt to protect drug trafficker's uniformed partners. In effect, not a single military officer was arrested in this case.

But new things started happening in the campaign to repress drug trafficking. The police have started arresting important figures such as the family Lopez Paredes and Abelardo Cachique Rivera. The police have also started to find cocaine (instead of cocaine base) in its raids. The military have become involved as never before.

What has changed are the priorities. At the beginning of the 1990's the need to fight the Shining Path in coca producing zones forced authorities to look the other way, which permitted some people to get rich. The disappearance of the Shining Path as a danger for the state placed the problem of drug exports into a different perspective.

It is not probable that the 11 military officers accused of covering up for Cachique Rivera would have had problems between 1990 and 1994, and in fact they did not have any. But now a judge has even demanded trying them in ordinary courts. All this in the context of an apparent Colombian demand crisis affecting Huallaga's cocaine base production.

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So far we have seen the repression of the illegal trade mainly as a process of change of the mafias and their protectors. The fall in the price of coca leaves and its byproducts, however, is real, just as real as the treatment that is being afforded to those indicted in the Cachique case. The new figures on cocaine exports, however, are also very real.

The case of the 11 officers erased any remaining doubts with respect to the impossibility of getting involved in drug trafficking without the active protection of military authorities, which casts some doubts on the people stationed in coca regions during all these years that were characterized by the active export of cocaine paste.

The demand for a universal and retroactive code of ethics in these types of cases is perhaps too much. The treatment afforded to Cachique's 11 friends must be seen as a symbolic showcase of the decision not to continue compromising with drug trafficking now that the capacity of the Shining Path has been reduced, that there are less cartels in Colombia, and it seems that the price of coca leaves and cocaine paste cannot go up anymore.

Daily: Judicial Branch Reform Bill 'Unconstitutional'

PY2511002995 Lima EL COMERCIO in Spanish 10 Nov 95 p A2

[Editorial: "An Unconstitutional Bill"]

[FBIS Translated Text] A bill that is unconstitutional and inappropriate in all its forms has been submitted for debate in the plenum of Congress.

This bill, previously approved by the government majority in the Justice Committee, declares the judicial branch and the Attorney General's Office in a virtual state of reorganization for 360 days.

The bill establishes a commission of three members, headed by Supreme Court President Moises Pantoja and made up of representatives of the executive and legislative branches, who would take over the functions of the government and the judicial branch.

The commission would work through an executive secretariat and its functions would be to grade, evaluate, and either confirm or dismiss administrative personnel.

In the case of the Attorney General's Office, the measures are similar except that the commission's president would be Attorney General Blanca Nelida Colan.

Therefore, the commission would replace the Executive Council and the General Administration of the judicial branch for one year. In practice this means that the judicial branch is put under the jurisdiction of the other two government branches. But according to the Constitution, there must be a relationship of equality between branches based on the principle of equal powers.

The interesting thing about this case is that the bill, through which the judicial branch loses its important powers, was submitted by the president of the Supreme Court himself. Perhaps he did this because, as head of the commission, he wants to make believe he would have effective control, disregarding the fact that he is in the minority in relation to the other two members.

Furtheremore, it is obvious he will be directly under the control of the executive branch because, in addition to the fact that the government would have its own delegate, it cannot be ignored that the government has complete control over the legislative branch through the docile and majority congressional representation.

The attitude of the Supreme Court president is so incomprehensible because his position is not listed among those that have powers regarding legislative matters. As stated in Article 107 of the Constitution, those powers belong to the judicial branch as a state power and on issues under its jurisdiction, but under no circumstance do they belong to an individual person.

It should also be noted that Supreme Court President Moises Pantoja did not inform the other members of the Supreme Court about his initiative. Therefore, his action was very peculiar and obviously taken without consultation.

Perhaps this is why the bill, with the addition of the Attorney General's Office, was presented by congressman Oscar Medelius, vice president of the Justice Committee, which is in reality a fabrication.

This is easy to understand because if structural or organizational reforms are needed, the same article grants that power to the judicial branch, to the other branches, and to public entities.

The argument of some government representatives that this is a simple administrative measure that would not affect jurisdictions is completely fragile, taking into account the real purpose of the bill and its possibilities in terms of application.

Moreover, such an inappropriate initiative led to immediate protests by well-known court and Congress personalities, such as congressman Jorge Avendano Valdez and Felipe Osterling, dean of the Bar Association.

Of course, no one doubts the need to reorganize and perhaps to reform the judicial branch, whose defects, which annoy the population, are reported every day.

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But neither does anyone doubt that the reorganization must be carried out within legal channels, and under no circumstance by authoritarian procedures such as the ones to be imposed, especially when this reorgaanization was already being considered, and would be done under the judicial branch, as is logical.

It is obviously forgotten that, in addition to representing a new violation of the institutional order, such an authoritarian measure definitely hurts the Peruvian Government's image abroad, which could affect future investments in the country.

Venezuela

President Says Devaluation Pressures 'Suicidal'

PA2811043295 Mexico City NOTIMEX in Spanish 0105 GMT 28 Nov 95

[FBIS Translated Text] Caracas, 27 Nov (NOTIMEX)—Venezuelan President Rafael Caldera described here today as "suicidal," the pressures by different economic and political sectors of the country to force a devaluation of the bolivar.

"The propaganda about the devaluation is suicidal," Caldera said, noting that the measure would harm the very same sectors that are pressuring the government to adopt such a measure.

During a long interview with Venezuelan Television Channel Four, the president said the topic of the devaluation is "delicate" and that his government is making the pertinent analyses before adopting any decision.

Caldera abstained from anticipating any possibility of decreeing a devaluation, but added that if adopted, it would be within a framework of a series of economic measures.

He admitted the country's economic situation is serious and said the principal cause of the crisis was the bankruptcy of the banking system in 1994, which forced the government to apportion approximately 17 percent of the GDP to protect 3.5 million savings account holders.

For the chief of state, Venezuela can overcome the crisis, but not in less than 10 years.

The president insisted that the situation is difficult, but can be overcome. He ruled out that Venezuela is on the verge of social turmoil.

"The people do not want violence. The people do not want social turmoil," he reiterated.

Caldera insisted that to analyze the Venezuelan economic situation, critics must bear three things in mind: the foreign debt, corruption in government spheres and in the private sector, and the banking crisis.

Venezuela's external public debt totals $26.6 billion and it has an overdue debt portfolio that totals $1.5 billion.

Referring to negotiations with the IMF, the president said they continue but with dignity and based on the Venezuela Agenda, which is a document that proposes a gradual solution to the crisis.

"We tell the country we are working and facing the situation, and we will do whatever is essential to achieve it (...) we currently face a difficult situation and we must overcome it, and we need solidarity," Caldera emphasized.

Referring to the resignation of Venezuelan Investment Fund (FIV) President Carlos Bernardez, which occurred last week, the head of state explained it was intended to give coherence to the economic policy.

"Coherence was necessary and (Bernardez) was not identified with the economic policy," the president stated, while reasserting his support to Finance Minister Luis Raul Matos Azocar.

He said his government is [word indistinct] privatization, but it is also seeking the appropriate honest persons to implement the program and prevent the arrival of "daring swindlers."

The president ruled out the possibility of cabinet changes after the 3 December elections, as stated in local political circles.

"The elections are one thing and the cabinet is another. The cabinet is not at stake there," he emphasized.

Dollar Rates, Lack of Controls Trigger Gold Flight

PA2811022595 Caracas EL UNIVERSAL in Spanish 27 Nov 95 p 2-6

[FBIS Translated Text] The existence of different rates for the U.S. currency and a lack of controls have triggered the flight of Venezuelan gold to other countries, causing a loss estimated at approximately $126 million.

Official spokesmen maintain that government and monetary authorities are trying to stop or reduce this illegal trade of the production of gold that has not been recorded by the public organizations. However, it is believed that twice as much of what has been recorded is being sold abroad, where gold prices have a higher value in dollars.

The annual production amounts to 9 metric tons adding up the productions of Minerven [expansion unknown],

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the private sector, and multinational companies. Unrecorded amounts of gold are sold in Brazil, Trinidad, Miami, and New York. Guayana's gold potential amounts to 10,000 metric tons.

"Even though the Central Bank of Venezuela has allowed unregulated sales of up to approximately 60 percent, the flight continues due to the variable rates of the dollar. In addition, the state lacks effective controls to regulate the sale of gold."

At the Expo-Min 1995 Congress held in Caracas in early November, Radames Larrazabal, the commissioner charged with examining the mining contracts granted by the Venezuelan Guayana Corporation [CGV], announced that the investigation—which was conducted over a period of three months by an interdisciplinary commission headquartered in Ciudad Bolivar—would be finished in December 1995.

The CGV has signed 305 contracts with individuals and 175 with subsidiaries.

Central Bank Refuses To Lower International Reserves

PA2811025595 Caracas EL NACIONAL in Spanish 27 Nov 95 p E12

[Report by Adriana Cortes]

[FBIS Translated Text] A further decrease in the international reserves, even below their current minimum level, as an emergency measure to fulfill the country's basic commitments does not have the Central Bank of Venezuela's [BCV] approval, unless the reserves' recovery on the short term is guaranteed through a process for the structural adjustment of the economy.

It was unofficially learned the BCV's position in the current discussion about the government's use of approximately $300 million from the international reserves is to maintain the current level, meaning not to deliver the required money unless its return in the next few months can be guaranteed.

The provision requested by the BCV as a pledge is the immediate implementation of a process for macroeconomic adjustments through which the country may progressively overcome the current crisis and lead to an improvement in the international reserves' level, as it occurred following the processes started in 1989.

The country's international reserves are currently at the minimum level of $5 billion, which barely guarantee about four months' worth of imports and, under the circumstances, the plans to decrease them to $4.7 billion would increase the economy's vulnerability. The BCV Executive Directorate met on Friday to analyze the government's requirements.

Nevertheless, the BCV's position is not necessarily inflexible because it is aware the country has unavoidable commitments and urgently requires the foreign currency. Although the consulted sources preferred not to identify the nature of those commitments, it is known the country must make some matured foreign debt payments early in December and the economy ministers are seeking alternatives almost desperately.

Priority imports and other national expenses have been settled in the last week with the relative increase in oil revenues, which resulted from an increase in the barrel's price. Thanks to this the BCV gave the Exchange Administration Board $300 million more for those expenses.

However, the overall economic program expected to emerge from the negotiations between the government and the International Monetary Fund should be reached in a matter of weeks so the BCV may agree to decrease the reserves, which seems somewhat difficult in principle.

Cordiplan Minister: IMF Conditions 'Not as Strict'

PA2811022795 Caracas EL UNIVERSAL in Spanish 25 Nov 95 p 2-3

[FBIS Translated Text] "The conditions are not as strict, I prefer to speak of a rapprochement of criteria."

The statement was made by Edgar Paredes Pisani, minister of the Cordiplan [Office of Coordination and Planning], after attending an economic cabinet meeting to discuss the economic policy measures, which the government expects the IMF will demand in the framework of the negotiation process being conducted by the executive branch with the organization.

In the aforementioned meeting, participants evaluated the progress of the talks with the IMF. According to the minister, after discussing and determining quantities, the Cordiplan has begun discussing the "qualitative aspects of the conversations."

Paredes said he was optimistic about the possibility of reaching an Agreement of Principles. "But we have to remain calm," he said.

The IMF is not the ultimate objective for this official. Perhaps that is why he said that signing a financing agreement with this multilateral organization is only one aspect of the components of the Venezuela Agenda, a document, which according to him "to a large degree is more encompassing than the negotiation."

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"There is no demand made by the IMF that is not one of our own convictions. I believe that an important part of the progress we have made is linked to the possibility of achieving a new type of discussion, to our efforts, and to the need for adopting measures of a social nature in view of the changes and experiences seen in other places and especially here," he said.

He also said that even though the achievement of a fiscal equilibrium is a matter of honor for the IMF, "we have worked for a gradual adjustment."

"We have set a deficit goal that is the equivalent of 4 percent of the GDP, however, those accepted levels of imbalance are quite linked to the country's internal and external financial needs. This is merely a matter of elementary logic: neither time nor rhythm can be forced too much. Our goal is to get all social and wage measures to be in tune with our macroeconomic decisions," he said.

ELN Threatens To Move Guerrilla War Across Border

PA2611005195 Caracas EL NACIONAL in Spanish 24 Nov 95 p D12

[Report by Jesus Eduardo Brando]

[FBIS Translated Text] In a message conveyed by Jesus Antonio Rojas to President Rafael Caldera and Defense Minister Moises Orozco Graterol, the Colombian Army of National Liberation (ELN) threatened to move the guerrilla war to Venezuela if outrages are committed against Colombians and if hot pursuit operations, violating Colombian territorial sovereignty, are carried out.

Rojas, mayor of Guasdualito in Apure State, was kidnapped on 8 July when he was attending a meeting with 150 people to elect the administrative board of La Victoria district. Eight men wearing civilian clothes and armed with powerful weapons and grenades surrounded the meeting and asked for the mayor.

Once they located their victim, four individuals stayed at the meeting to cover the departure of the four others and the mayor who was forced into a van driven about 800 meters in the direction of the border. The kidnappers and their victim then began a walk in a mountainous region.

Rojas estimates they remained in Venezuelan territory for about three days, during which time he heard the sound of aircraft looking for him. They subsequently ended up in the Colombian town of Arauqita and then went into a jungle region.

Then they arrived at a camp of the Cimacota company, an elite group of the ELN's Domingo Lain Front, where the Camilo Cienfuegos column had set up camp.

That guerrilla unit has approximately 600 members and a 10-member political-military leadership. Rojas was questioned by someone who identified himself as "Commander Pumare," second in command.

He was held by them for four months and two days, until his release on 9 November, when a revolutionary patrol took him near Tame, on the Arauca River. The patrol set up a checkpoint in which the guerrillas checked about 50 vehicles and their occupants until a municipal health department vehicle arrived. After taking photographs, they instructed the driver to take Mayor Rojas to the 16th Public Prosecutor's Office. Initially, the plan was to turn him over to the Red Cross to make sure military forces would not kill him.

Rojas admitted to EL NACIONAL that his friends and relatives collected 20 million bolivares for his release, supposedly to pay for the guerrillas' expenses in the operation. The guerrillas also took his cousin, Jose Alexander Hill Rojas, hostage until the mayor carried out the mission of conveying the messages they sent. His cousin was freed yesterday morning.

Message to Caldera

The Guasdualito mayor met on 16 November with Defense Minister General Moises Orozco Graterol, with whom he talked for about three hours at his office in Fort Tiuna. Due to the official agenda, Rojas only spoke over the telephone with President Rafael Caldera, briefly explaining the message he was given.

Rojas explained to Orozco his impression that his kidnapping was solely for political objectives and that the Colombian guerrillas wanted to make known, among other things, their information-gathering, organizational, and tactical ability to enter Venezuelan territory and kidnap public officials of any level.

Rojas explained that during his captivity, there was reaction from the Colombian Army, because the kidnappers constantly moved him to different improvised camps, near which he could hear the exchange of gunfire and see the launching and exploding of bombs by government troops.

Nevertheless, on some occasions he was visited by and spoke with several leaders of the guerrilla movement, who told him to verify with his own experience the situation, objectives, and reasons for the insurgent struggle. The mayor also said that during his captivity he saw that 60 percent of the peasants in the border region

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openly support the revolutionary cause, a situation that, he warned, is gaining ground in Venezuela.

War on Venezuela

The ELN command openly expressed its disagreement with the Venezuelan Government's border policy, stating that the so-called hot pursuits violate Colombian territory and airspace, something that is worsened by the alleged abuses that are committed against Colombian peasants in actions by Venezuelan troops in the Perija mountain range.

If this situation contines, the ELN threatened, we, as armed wing of the Colombian people, will be forced to act against Venezuela in its own territory, with the same methods of war we use against the Colombian Government forces.

A significant aspect that differentiates the ELN from the Revolutionary Armed Forces of Colombia (FARC) is that the ELN has an internationalist revolutionary concept. "The revolution as a process for the liberation of people does not have borders," it states.

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